Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	NS3.50	S.Arabia	Rls7.00
Belgium	BFr48	Italy	L1400	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils500	Sweden	SKr9.00
Egypt	E£2.25	Lebanon		Switz	SFr2.20
Finland	Fmk7.00	Lux	LFr48	Taiwan	NT$65
France	FFr6.50	Malaysia		Thailand	Bht50
Germany	DM2.20	Mexico		Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Neth	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	Nkr10.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,484 Wednesday March 9 1988 D 8523 A

Anschluss ghosts stir Austria's guilt-laden memory, Page 3

World News

Palestinian guerrillas free charity workers

Radical Palestinian guerrillas released two Oxfam charity workers, a Briton and a Syrian, six days after they were seized in Sidon, Lebanon.

A Fatah Revolutionary Council official said Oxfam's British regional co-ordinator and the charity's director in Lebanon had been seized for questioning for security reasons. He insisted they had not been kidnapped. Page 24

Panama accuses US of intervention plan

Panama accused the US of preparing an imminent military intervention in the country as part of a campaign to oust military leader Manuel Antonio Noriega.

Meanwhile the Government ordered emergency measures to avoid shortages of food and other essentials as banks stayed closed due to US pressure on Noriega. Panama trade zone at standstill, Page 24

Chirac Nato plea

French Prime Minister Jacques Chirac called for France to play a more active role in Nato, to strengthen the European pillar of the alliance. Page 3

Coup attempt crushed

Two men were killed and several others taken prisoner when police foiled a coup attempt in the Marxist West African state of Sao Tome and Principe.

Krakow battles

Police fought running battles with students in Krakow as Polish demonstrators rallied in at least four cities to commemorate 1968 campus disturbances.

Armenian rally

Thousands of Armenians staged a funeral march and rally in the capital city of Yerevan for victims of ethnic riots in Soviet Transcaucasia. Page 2

Assad shuns peace plan

President Hafez al-Assad of Syria dismissed the latest US peace proposals for the Middle East and indicated that a long struggle with Israel lay ahead. Page 4

Chad-Libya clash

Chad said 20 Libyans were killed in a clash with Chadian troops near the border with Sudan.

Rome airport strike

Rome airport ground staff – in dispute over wages and working conditions – staged a surprise 17-hour strike, causing queues, delays and flight cancellations.

Lhasa demo toll

At least 309 police were injured in a pro-independence protest in Lhasa, the Tibetan capital, on Saturday. Chinese officials said – indicating that the incident was more violent than the Government had previously acknowledged. Page 4

Bonn asylum curbs

West Germany, facing a flood of refugees into the country, decided on measures to speed up deportation of foreigners deemed to have no chance of securing political asylum. Page 2

Khartoum epidemic

Sudan declared Khartoum an epidemic area, saying 600 people had contracted meningitis and 20 had died.

Stockholm car ban

Stockholm city council said it would ban cars from its streets on one day a year – leaving the roads free for pedestrians, cyclists and skateboarders.

Waterproof warriors

Italian soldiers did not need umbrellas while in uniform because the country's weather was not wet enough, Defence Minister Valerio Zanone said in reply to Radical Party deputies who wanted soldiers issued with umbrellas.

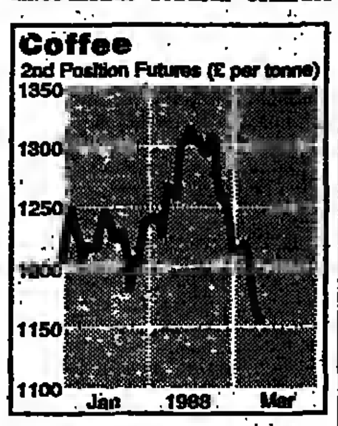
Business Summary

Sabena's earnings plunge by 52%

SABENA, Belgium's 54 per cent state-owned airline, unveiled a 52 per cent fall in net income from BFr146.8m to BFr70.4m ($2m) for 1987 and revealed that it was having collaboration talks with five other European carriers. Page 25

SOUTH AFRICAN Reserve Bank raised the Bank Rate to 10.5 per cent from 9.5 per cent and said the country's commercial banks would follow by raising their benchmark prime overdraft lending rates to 14 per cent from 13 per cent. Page 4

COFFEE prices fell sharply again under pressure from the strength of sterling against the dollar. The three-month robusta contract continued the steep decline of Monday, when it fell £48 a tonne, closing yesterday at £1,151 a tonne, a fall of £11 and the lowest level since August 1982. Page 34



WALL STREET: The Dow Jones industrial average closed up 24.70 at 2,081.07. Page 46

TOKYO: Large-capital stocks and blue chips came under selling pressure helping to send share prices lower for the second consecutive trading day. The Nikkei average dropped 150.85 to close at 25,465.73. Page 46

LONDON: Confidence about next week's Budget helped stem London's losses, with the FT-SE 100 index ending down 3.2 at 1,821.5. Page 40

DOLLAR closed in London at DM1.6680 (DM1.6765), Y128.05 (Y128.10), SFr1.3770 (SFr1.3840), FFr5.6500 (FFr5.6750). Page 35

STERLING closed in London at $1.8425 ($1.8185), DM3.0725 (DM3.0475), Y236.00 (Y233.00), SFr2.5375 (SFr2.5175), FFr10.41 (FFr10.32). Page 35

HONGKONG Electric, power utility controlled by Li Ka-shing, reported net profits of HK$1.26bn ($161.5m) for 1987. Page 27

PHARMACIA, Swedish biotechnology and pharmaceuticals group, reported 10 per cent increase in profits, after financial items, to SKr905m ($150.8m) last year. Page 26

NORDBANKEN, Sweden's fifth largest commercial bank, agreed to sell Arbuthnot Latham Bank in London to NZI for £39m ($69M). Page 26

ANGLO American Industrial, industrial division of South Africa's Anglo American mining house, lifted group turnover to R3.55bn ($1.65bn) last year. Page 27

DEVELOPMENT Bank of Singapore, country's largest domestic bank, announced increase in after-tax profits of more than a fifth. Page 27

TI GROUP, UK engineering company, revived its bid for Bundy, leading US maker of small-diameter tubing, and agreed to pay more than its original bid last September, abruptly abandoned in the wake of the stock market crash. Page 25

AUSTRALIAN Stock Exchange threatened to suspend share trading in four leading foreign-controlled companies if they do not provide information about the effects of the October share crash. Page 27

INTERNATIONAL Clinical Laboratories agreed to a $26 a share takeover offer from Corning Glass Works, leading US producer of glass products. Page 25

Thatcher rules out early action to stem pound's strong rise

BY PETER RIDDELL AND SIMON HOLBERTON IN LONDON

EARLY ACTION by the British Government to hold down the pound through intervention on the foreign exchange market or a cut in interest rates was yesterday ruled out by Mrs Margaret Thatcher, the Prime Minister, because of the priority of fighting inflation.

Her remarks sent sterling surging to its highest closing level on the Bank of England's trade-weighted index since January 1986 – it closed at 77 compared with 76.2 on Monday – and also hit the dollar.

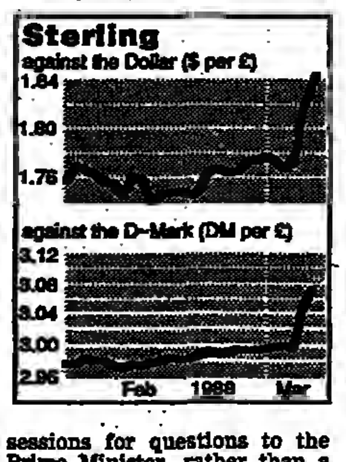
Earlier in the day the pound had appeared to have settled at around DM3.0690 and $1.8285.

In late afternoon, hectic trading brought to a close of DM3.0725 and $1.8425 – 2.5 pfennigs and 2.4 cents higher than Monday's close.

Dealers said the market was expecting sterling to rise to DM3.10 and some forecast even higher rates in the light of Mrs Thatcher's comments.

In the House of Commons, The British premier said the only way to deal with the pound's rise was "either to have excessive intervention, which would lead to inflation, and that is no part of our policy, or to deal with the matter by interest rates, which would not be in the interests of inflation at the present time."

Her impromptu remarks reflect her usual broadbrush, instinctive approach on such issues during the twice-weekly parliamentary sessions for questions to the Prime Minister, rather than a carefully prepared statement agreed beforehand with the Treasury.



Government officials scrambled to reconcile her words with the explanation provided on Monday for the Government's decision to allow sterling to rise above its unofficial ceiling of DM3.

Both the Treasury and the Bank of England said that there had been no change in policy and claimed there had been no previous intention of being precise about the relationship of the pound to the D-Mark.

A Treasury spokesman said that it was not the Government's policy to let the pound rise to unsustainable levels which would be to the detriment of British industry.

Currency stability remained Government policy, the spokesman said, and developments in the foreign exchange market this week were consistent with that policy.

Officials conceded, however, that said larger, although not excessive, fluctuations in exchange rates may occur.

The Bank of England view was that the Prime Minister had stated rather forcefully the dilemma which had faced the authorities at the end of last week when the decision was taken to remove the ceiling of DM3.

Mrs Thatcher had not ruled out all currency intervention, only "excessive" intervention.

The Bank will continue to conduct smoothing operations to prevent the pound appreciating too quickly. It intervened in currency markets on Monday and is believed to have been in the market yesterday.

Currency traders said the pound's strength also contributed to a further weakening in the dollar.

The dollar has been under pressure since the beginning of the week and its London close of

Continued on Page 24

Policy divergence, Page 9; Lex, Page 24; Currencies, Page 35

Digital launches challenge to IBM corporate market

BY LOUISE KEHOE IN SAN FRANCISCO

DIGITAL EQUIPMENT, the third largest US computer group, yesterday launched a major challenge to International Business Machines' mainframe computers with the introduction of a series of high performance machines.

The move puts Digital for the first time in direct competition with IBM in the central corporate mainframe market. Digital has already established a lead in the "mid-range" performance sector where IBM has shown weakness.

Digital's new processors, the VAX 8800 Series, are up to 3.7 times more powerful than its existing most sophisticated machines, the company said.

Digital hopes they will enable it to gain entry into the central processing facilities of large corporations, IBM's traditional stronghold.

The new series is "ideal for large computer resource centres," said Mr Peter J. Smith, vice president of product marketing.

They extend the potential applications of Digital's computers into new sectors of the market, he added.

UK chips plan

UK semiconductor makers aim to start production of a powerful range of memory chips in a move which should help solve supply shortages in the industry.

The shortages are beginning to affect electronic equipment manufacturers worldwide, placing strain on the production of some types of computers and forcing up prices. Page 24

However, Digital may face a tough battle in the mainframe market, industry analysts said.

IBM holds not only a dominant share of the market, with mainframe computer sales last year of about $20bn, but also the "hearts and minds" of the computer centre managers responsible for purchase decisions, they said.

Even so Digital's success in the "mid range" computer market could provide the company with a strong launch into the higher cost, and higher performance sector of the market.

Companies which already use Digital's minicomputers in branch offices and departments will be among the primary targets for its new thrust into the high performance market.

A major selling point for the new systems will be the ease of connecting Digital central processors to networks of Digital mini- and microcomputers.

In addition, however, Digital aims to convert IBM users to its machines.

An important feature of the new Digital processors, according to industry analysts, is "multi-processing."

This involves closely integrating up to four processors and allows Digital to offer a range of system performances and the ability to expand and upgrade its systems on-site.

Later this year, Digital plans further software product announcements that will take it into the "transaction processing" sector of the mainframe market for systems used to connect banks' automatic teller networks, and airlines' reservation systems.

Spanish police find explosives

BY OUR FOREIGN STAFF

SPANISH police found explosives yesterday in a car thought to have been abandoned by members of the Irish Republican Army (IRA) involved a bombing attempt in the British colony of Gibraltar at the weekend.

The explosives – which the Interior Ministry in Madrid said were of a type used by the IRA – were found in the southern resort of Marbella about 50 miles along the Spanish coast from Gibraltar.

Three members of the IRA were shot dead on Sunday by the British security forces in Gibraltar who suspected a car parked near the Governor of Gibraltar's residence contained a bomb. Yesterday, the Irish Government voiced grave concern over the shootings.

Mr Charles Haughey, the Irish Prime Minister, said his government was seeking full details from the British authorities about the circumstances surrounding the shootings.

"The Irish Government is gravely perturbed that three unarmed Irish people should have been shot dead in Gibraltar on Sunday when it appears from reports that they could have been arrested by the security forces involved," he said.

Speaking in the Dail (parliament), he said that while the Government condemned all forms of violence and would do its part in combating terrorism, there were disquieting aspects attached to events in Gibraltar.

Mr Haughey firmly denied reports that units of the Gardai, the Irish police, had been involved in the intelligence work which tracked the three, described by the IRA as members of an active service unit, to Gibraltar.

On Monday Sir Geoffrey Howe, the British Foreign Secretary, said that though the IRA unit had been unarmed and no bomb had been discovered there was no doubt that a serious bombing had been planned.

While the Irish Government has been careful not to be seen to be condoning IRA activities, there is widespread concern both in the Irish Republic and among the nationalist community in Northern Ireland about the way in which the three were shot.

Mr Peter Barry, foreign affairs spokesman for the Irish Fine Gael Party, said the rule of law could not be flouted, especially by British security forces who were paid to uphold it.

The explosives found yesterday were in a white Ford Fiesta, which contained five packets of explosives and a clock which could be used as a bomb timing device, according to an Interior Ministry spokesman in Madrid.

DIPLOMATIC PRESSURE FOR CEASEFIRE INTENSIFIES

Moscow calls for UN move on 'cities war'

BY RICHARD JOHNS IN LONDON AND CHRISTOPHER BOBINSKI IN MOSCOW

THE UNITED Nations Security Council was last night scheduled to discuss the Soviet Union's call for a new initiative aimed at ending the latest and most vicious round in the recurring "war of the cities" in the Gulf conflict.

Mr Alexander Belonogov, the Soviet ambassador to the UN, asked on Monday night for an urgent session of the Security Council to discuss the reciprocal missile attacks by Iran and Iraq on city targets.

Moscow has also proposed the appointment of a special mediator in the Gulf conflict.

The Soviet move, however, is likely to complicate gravely the efforts to impose an arms embargo against Iran unless it accepts a ceasefire, Western diplomats said last night.

It is seen by the diplomats as cutting across efforts to obtain a resolution on sanctions aimed at enforcing compliance.

During the visit of Mr George Shultz, US Secretary of State, to Moscow last month, the Soviet Union agreed to support sanctions provided Iran was given 30-60 days to comply with the UN ceasefire resolution adopted last July.

Meanwhile, Wu Xueqian, China's Foreign Minister, told US President Ronald Reagan in Washington that his government was very concerned about the Gulf conflict and supported an arms embargo against Iran.

Before the Soviet initiative, little diplomatic progress had been made at the Security Council towards converting what is said to have been a firm understanding into tangible form which would make the basis of a resolution on sanctions.

At the same time, the US, UK and France concede that Iraq – by starting the latest exchanges with its air attacks on Tehran on February 27 – had also made it much harder to obtain agreement among the 15 members of the Security Council on a draft aimed mainly at Iran.

They also believe that the Soviet Union is desperately anxious to ease growing tension with Iran, which has charged it with the responsibility for supplying Scud B missiles capable of striking Tehran for the first time in the long Gulf conflict.

The Soviet Union's concern is to improve relations with a

neighbour sharing a 2,500-mile border because of its plans to disengage from Afghanistan and because of rising Islamic sentiment in its Central Asian republics.

Iran has dragged its feet in the face of resolution 598 which calls for a return to pre-war borders as well as a ceasefire, insisting that the article calling for the establishment of an impartial body to investigate responsibility for the war should be considered the first priority.

Moscow's initiative followed hard on angry Iranian accusations that it had supplied Iraq with missiles capable of hitting Tehran and demonstrations outside the Soviet embassy.

The Soviet Union has strongly denied responsibility for giving Baghdad the means to hit the Iranian capital.

Iran yesterday said that it had fired two more missiles aimed at the northern city of Mosul. "Iran's retaliatory measures will continue until the enemy stops its criminal acts," a communiqué from the Iranian Revolutionary Guards Corps said.

Earlier Baghdad said that it launched two missiles against Tehran, one against Isfahan and one at the holy city of Qom.

● Mr Marlin Fitzwater, White House spokesman, said Washington did not believe China was making its support for the arms embargo conditional, Reuter reports from Washington.

"The President's reaction (was that) this was a very positive sign, a very strong expression of support, and frankly one we hope the Soviet Union will emulate," he said.

Conflict in Gulf poses dilemma for Soviets

By Richard Johns

THE SUSTAINED ground-to-ground exchanges between Iraq and Iran over the past nine days mark not only a resumption of the "war of the cities" but also an escalation which could either prolong the 8½ year-old war or intensify diplomatic pressure to bring about at least a de facto ceasefire.

Moscow has called for an immediate meeting of the UN Security Council. It has diplomatic reasons to take credit for a cessation of the reciprocal attacks on the two belligerents' capitals and other centres of civilian population.

The Soviet Union finds itself caught in an awkward situation. It has been under growing pressure from Iraq to throw its weight behind British-led moves in the UN Security Council to agree on an arms embargo against Iran unless it accepts last July's resolution calling for a ceasefire. But so far the Soviet Union has been reluctant to come out unequivocally in favour of sanctions because of its concern to maintain the steady improvement in relations with its southern neighbour.

At the same time it remains the biggest supplier of weapons to Iraq. Almost certainly among them – despite Moscow's strenuous denials – have been the missiles which Iraq has rained down on Tehran and, in one diversion last week, the holy city of Qom. Western analysts have little doubt that the projectiles are Scud Bs supplied by the Soviet Union – and Iran has none.

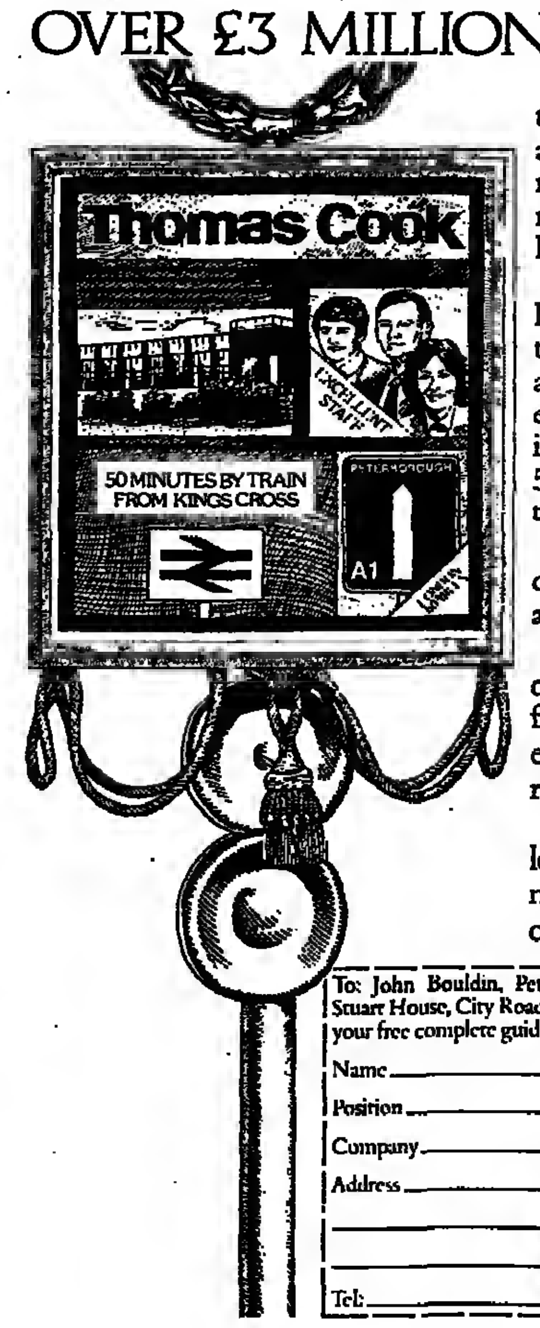
The only grain of veracity in the Russian protestations of innocence is the fact that the missiles in the form they were delivered could not reach Tehran from Iraqi territory. The Scud B only has a range of about 300 kilometres, according to Jane's Weapons Systems.

The only possible foundation to Iraq's claim that it has manufactured the weapon itself can relate to the addition of extra propulsion. Mr Don Kerr of the Institute of Strategic Studies has pointed out that extending its range with "strap-on" booster rockets is technically a simple matter.

Mr Ali Akbar Hashemi Rafsanjani, speaker of the Iranian Parliament and chief war spokesman, said on Monday that the increase in its reach had been made possible by reducing the war-head (normally 453 kg, according to Jane's) to one-fifth of the full potential.

Continued on Page 24

ONE TRIP TO PETERBOROUGH SAVED THIS TRAVEL COMPANY OVER £3 MILLION LAST YEAR.



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CONTENTS

BRASILIA'S WAR ON INFLATION TAKES A HEAVY TOLL

Finance Minister Mailson da Nobrega faces a difficult task to get backing for his drastic economic measures, Page 6

West Germany cracks down on asylum seekers

BY DAVID MARSH IN BONN

WEST GERMANY, facing a flood of refugees into the country, yesterday decided on measures to speed up the deportation of foreigners deemed to have no chance of securing political asylum.

The move, decided at the weekly Cabinet meeting, reflects simmering controversy about the tens of thousands of foreigners trying to take advantage of West Germany's generous asylum laws to take up residence in the country. The asylum provisions, contained in the country's Basic Law (provisional constitution) were framed mainly as a result of Nazi Germany's persecution of Jews.

Under yesterday's decision, refugees who have been streaming into the Federal Republic ovar the last few years from countries as diverse as Iran, Poland and Ghana will find it far more difficult to stay if they fail to meet legal criteria for being granted asylum.

The measure will also require each state to set up offices to organise deportation of people with no chance of being given permanent refuge.

Mr Norbert von Nieding, head of the Federal Office for the Recognitiou of Foreign Refugees, based near Nuremburg, said it was logical that refugees whose asylum applications were turned down should leave the country. He said West German policy was still not to return people to civil war areas.

Just over 57,000 people sought asylum last year, down from nearly 100,000 in 1986.

Mr Friedrich Zimmermann, the Interior Mininster, underlined this week that earlier measures to stem the refugee flow - which he described as an onslaught - had failed to break trend.

The government has no overall figures for the uumbers of refugees deported. However, the Interior Ministry yesterday said only about 20 per cent of asylum-seekers who have their applications turned down are expelled.

According to the government, about 35 per cent of refugees could be deported almost immediately because they have no valid asylum claim. It labels most asylum-seekers "economic" rather than "political" refugees who are blatantly misusing West Germany's liberal asylum provisions.

After lengthy investigations and court cases which can take years, only between 8 and 9 per cent of asylum-seekers win refugee status. But many others – a group now believed to total about 270,000 – remain in a legal limbo, haviug no permanent right to remain in the country bot also no desire to return to their country of origin.

Survey exposes huge differences in cost of life insurance in EC

BY WILLIAM DAWKINS IN BRUSSELS

THE average European life insurance policy holder has so far failed to get any benefits from the EC's drive to create a free internal market in financial services, according to the Bureau of European Consumer Organisations (Beuc).

A study published by Beuc yesterday reveals huge differences in premiums charged for similar policies by 34 insurance companies across the EC. The divergence is "out of all proportion" to differing success of insurance contracts, says Beuc. It calls on the Commission to act fast to liberalise the sector, to add to proposals to open up the non-life insurance market for mainly commercial risks, now awaiting a vote by the European Parliament.

According to Beuc, a 10-year term insurance policy – which provides cash to dependents if the holder dies – costs 10 times more for a 30-year-old male smoker in Portugal than in the UK. The difference is not that smokers live more dangerously in Portugal, but that premiums are fixed at a high level by Lisbon authorities.

Depending on the terms of the policy, annual premiums would be the equivalent of between Ecu88 (£69) and Ecu 123 in the UK, rising to Ecu 900 in Portugal. The second most expensive country for life insurance in the EC is Greece, where a similar policy would cost up to Ecu496, followed by Italy, where the premium would be Ecu373. In France, the premium would be up to Ecu300 and in West Germany, the policy would cost between Ecu252 and Ecu285.

The results suggest wise consumers across Europe should obtain insurance from a UK company. However, Beuc points out that policies in foreign currencies are banned in Belgium, Spain and Ireland, while companies need special approval to offer insurance in foreign currency in France, Luxembourg and West Germany. In addition, almost all EC countries require foreign life insurance companies to set up local subsidiaries. "The UK alone allows foreign companies to compete freely," it says. "The system of official approval . . . is the main stumbling block in the creation of a supra-national market."

Another serious barrier is the differing interpretation of insurance contracts by national courts. Beuc warns the Belgians, French, Irish, Italians and Portuguese that courts from the country in question would find the contract null and void, in the event of a dispute.

Beuc accepts that life insurance would take longer to liberalise than non-life insurance – itself a technical and political minefield – because it involves people's savings. All the same, the group says it is unfortunate that the Commission has not yet drafted plans for the sector.

French civil servants win rise

BY GEORGE GRAHAM IN PARIS

THE Freuch Government has awarded a 1 per cent pay rise to public sector employees as a down payment towards a full 1988 wage settlement.

The increase is more generous than expected but follows several years of pay restraint for the state sector. Last year wages rose only 1.7 per cent, while inflation was 3.1 per cent.

The government has been unable to agree a settlement with civil service unions for the last two years. An early agreement this year seemed even less likely in view of the presidential election in next month.

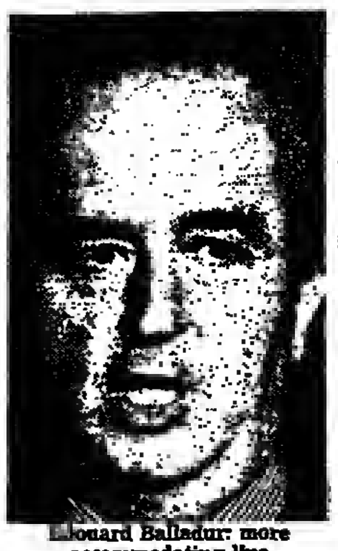
The 1 per cent increase, as well as some smaller increases in family allowances paid to government employees, take effect on March 1 and will therefore be visible in wage packets before the first round of the presidential election.

Mr Edouard Balladur, the finance minister, has argued for strict maintenance of employees' purchasing power in line with inflation forecast at 2.5 per cent in 1988. More recently, he has adopted a more accommodating line, indicating that a slight increase in purchasing power was preferable to social unrest.

The government has, however, adopted a less interventionist policy on wage settlements this year. For the first time since 1976 it has not sent any written pay directive to public sector companies, although less formal indications have been given of its desire for pay rises not to outstrip inflation.

Pay negotiations at major public sector employers such as Electricite de France or Societe Nationale des Chemins de Fer, the state railway, have nevertheless proved difficult, and isolated strike action has already begun.

Negotiations in the private sector are also expected to be less centralised this year. The Conseil National du Patronat Francais, the employers' federation, has also circulated a less detailed set of guidelines to its members



Edouard Balladur: more accommodating line

MUSICAL INSTRUMENTS CASE DROPPED

Commission bangs a drum for small brass band supplier

BY WILLIAM DAWKINS IN BRUSSELS

HARMONY was yesterday officially restored to the European Community's brass band instrument market following the resolntion of a clash between Boosey & Hawkes, the UK musical instruments maker and three of the industry's smaller players.

It came in the form of a decision by European Commission competition authorities to withdraw a legal action against Boosey & Hawkes for allegedly trying to put a stop to the activities of a new brass band making venture, founded to compete against its top range of brass band instruments.

Brussels was satisifed that Boosey & Hawkes had stopped trying to make life difficult for the ventnre, Brass Band Instruments (BBI), based in Luton, north of London.

Commission officials were yesterday congratulating themselves for having successfully trumpeted the cause of the small businessman under threat from being drowned out by the big noises in his market.

BBI was launched late in 1986 by Sonthsea-based Gabriels Horn House, ironically Boosey & Hawkes' largest customer, with RCN, a specialist repairer of brass instruments in Luton.

They were attracted by the idea of trying to make a hit among Britain's 2,500 brass bands, to which Boosey & Hawkes had until recently a near-monopoly of supply. Even more attractive was the swelling number of brass band lovers now said to be emerging

The newcomers' efforts, however, struck a discordant note at Boosey & Hawkes. The trio complained to the Commission last summer that they were in imminent danger of going out of business because Boosey & Hawkes was refusing to supply them with its own instruments.

Gabriels and RCN needed supplies of Boosey & Hawkes instruments and spare parts to keep their traditional businesses going until the new brass instrument making venture, which they were both backing, had made its number in the music industry. Boosey & Hawkes argued that it had a right to tone down its supplies because the small companies were late with payments.

Brussels' response was to order Boosey & Hawkes to resume supplies while Commission experts looked into whether EC competition laws were being contravened.

On the strength of that, the new instrument making venture got a peace agreement with Boosey & Hawkes through the British courts, which gave BBI the breathing space it needed to get its own range of instruments out on the market. Satisfied at last, BBI asked the Commission to stop its legal action.

European pulp and paper output at record levels

BY MAGGIE URRY

EUROPEAN pulp and paper production rose to record levels in 1987, making a fifth successive year of good volume growth, according to the European Paper Institute.

Pulp production exceeded 27.4m tonnes, a rise of 4.8 per cent over the 1986 figure, with virtually all the increase coming from Sweden and Finland. Since 1982 European pulp production has risen by 26 per cent.

Paper and board makers totalled a 5.9 per cent volume gain to 49.3m tonnes during the year, a 26 per cent gain on the amount produced in 1983. The greatest rises in paper and board production were seen in Germany, Sweden and Finland.

All the major grades of paper and board, with the exception of nncoated woodfree paper, exceeded their long-term growth rates in 1987.

The fastest rate of growth was shown by coated paper, up 13.9 per cent year-on-year to 7.5m tonnes, reflecting the strength of advertising in Europe. Newsprint showed a 5.5 per cent rise in production to 7.1m tonnes. Production of case materials rose 7.8 per cent to 9.5m tonnes.

Manufacturers unite to fight counterfeiters

BY GEORGE GRAHAM IN PARIS

FIVE European manufacturers' federations have joined forces to fight the rise in sales of counterfeit goods ranging from Cartier watches and Louis Vuitton bags to aspirin and brake pads.

The new Committee against Counterfeiting, chaired by Mr Pierre Aubert, former president of Switzerland, will have an initial operating budget of FFr500m for its fight against the counterfeiters, who are mostly based in such countries as South Korea, Taiwan and Morocco.

Counterfeit goods naing well-known names or trademarks are estimated by the committee to achieve sales of over $70bn a year. The industry is claimed to cause 130,000 job losses a year in the US and 100,000 in the European Community.

The Swiss watch industry says it loses SFr1bn a year from counterfeiting, while the French perfume industry estimates annual losses at 10 per cent of sales.

French luxury goods manufacturers such as the up-market clothing maker Lacoste – whose crocodile emblem appears on millions of non-Lacoste shirts – have been among the leaders in the fight against counterfeiters.

Mr Bernard Lacoste, who beads the company, said yesterday Dutch police had seized ten days ago 800,000 crocodile emblems destined for clothing producers in Morocco, and that earlier seizures had been made in Italy.

The committee has already set up an office in South Korea, which is generally reckoned to be the champiou of counterfeiting and is expected to increase its activities in the run-up to the Olympic Games in Seoul. Another office will be established in Tokyo to co-ordinate action in the Far East.

Armenian women honour victims of ethnic riot

BY CHRISTOPHER BOBINSKI IN MOSCOW

WOMEN in Yerevan in the troubled Soviet republic of Armenia yesterday laid flowers in memory of the 31 killed in racial riots in the Azerbaijani city of Sumgait 10 days ago.

A resident of the city contacted by telephone said: "Everyone is out on the street. We're laying wreaths for the victims of Sumgait at the monnment. The mood is peaceful and everything is well organised."

Yesterday was International Women's Day, a major holiday in the Soviet Union, and the focus of the ceremony was a monument to Armenians massacred by the Turks in 1915, a moment etched deeply in the Armenian national consciousness.

"We all want the annexation of Nagorno Karabakh to Armenia," said my contact, referring to the district of Azerbaijan inhabited by Armenians at the centre of last month's riots, strikes and demonstrations in Soviet Transcaucasia.

The demonstrations were called off when Mr Mikhail Gorbachev, the Soviet leader, promised to consider the Armenians' demands. Bnt more demonstrations are threatened on March 25 if the concessions fail to satisfy Armenian aspirations.

Meanwhile in Moscow, the Moscow News, a weekly which is a vehicle for the reforming wing of the Soviet establishment, yesterday broke the blackout on comment in the Soviet media on the events in Transcaucasia.

Mr Igor Yakovlev, the editor, blamed the Soviet Union's nationalities problems on past neglect arising from Stalin's "primitive" policies.

The national question had become a taboo in Soviet society, he wrote.

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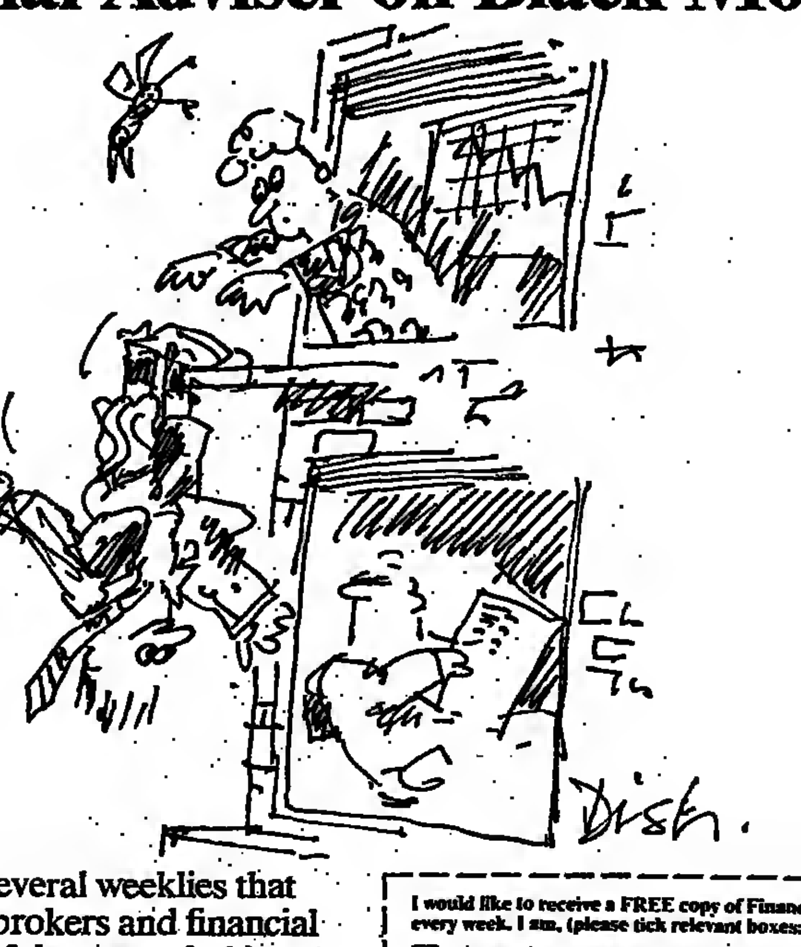

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FINANCIAL ADVISER
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Thatcher to press Portugal on farms

By Diana Smith in Lisbon

MRS MARGARET THATCHER is expected to discuss Portugal's failure to compensate British farmers dispossessed in the 1975 revolution when she sees the Portuguese Prime Minister, Mr Anibal Cavaco Silva, on Friday.

Mr Cavaco Silva is paying a working visit to London this week.

Relations are generally good between the allies, whose ties go back 602 years to the Treaty of Windsor.

But a shadow is cast by persistently-delayed payment of £3m to a British farmers' syndicate, e partnership and two individuals stripped of their land and assets 13 years ago.

One of tham, Mr Patrick Wardle, had heavy BBC and ITN coverage as he struggled to get back his farm, seized by Communist-led labourers.

Years later it was returned to him, run down, minus equipment and saddled with debts run np by the occupants in Mr Wardle's name. He seeks redress for the damages.

Ever since the brief revolution melted away, British officials, and lawyers for the people affected have appealed to, written to (often without receiving any reply) and badgered successive Portuguese governments, trying to settle a relatively small financial sum that as a matter of principle, looms large.

Mrs Thatcher raises the subject whenever she sees Mr Cavaco Silva – quite often, now they are European Community partners.

He, like leaders of previous governments, says the problem will soon be solved.

Portuguese officials have been shy of compensating British farmers, fearing it would propel hundreds of uncompensated Portuguese farmers forward with far more expensive demands.

The only foreign farmers promptly compensated were three Germans. Their Government was then granting substantial amounts of aid to Portugal: it threatened to cut it off unless compensation was paid at once.

The British lacked this lever.

The Cavaco Silva Government recently proposed legislation for the Alentejo, where farm seizures were concentrated, inclnding compensation for farm buildings lost in 1975. Once it is on the statnte books, this may help solve the British cases.

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Judy Dempsey argues that Austrians still shrink from facing the facts about their annexation by Germany fifty years ago

Anschluss ghosts stir Austria's guilt-laden memory of conflict

THE CONFLICTS exhumed in Austria by the commemoration this week of the 50th anniversary of Anschluss, the German annexation of the country, were bound to be bitter. They have only been deepened by the continuing controversy over Mr Kurt Waldheim, Austria's President, who was found by an international commission of historians to have lied about his wartime activities.

The debates over the Waldheim affair have aroused bitter feelings in a country unaccustomed to such polarised views. "Shadows of the past we had thought long overcome have caught up with us," Austrian Chancellor Franz Vranitzky said recently. "We must concentrate . . . not only on March 11, 1938, but analyse with integrity how it came about."

Austrians are reluctant to confront 1938, largely because it would mean confronting the civil conflicts of the 1920s and 1930s, whieh virtually destroyed the country's fledgling democracy and fatally weakened its resistance to the Anschluss. Yet discussing 1938 without mentioning the civil conflicts that preceded it is a meaningless exercise.

The events leading directly to the annexation began on March 9, 1938, when Mr Kurt Von Schuschnigg, the Christian Social Austrian Chancellor, called for a plebiscite to be held on March 13. Did Austrians, he asked, want a free and German, independent and Social, Christian and united Austria?

But Austrians never had the chance to reply. Hitler and Goering forced Schuschnigg to resign on March 11. The following day, the German army entered Austria. On Sunday, March 13, Austria became "a province of the German Reich."

The huge crowds which gathered in Heldenplatz, the centre of Vienna, to greet Hitler, linger in the public imagination. True, many Austrians wanted the Anschluss in the 1920s; but equally, many had reassessed the political cost of snch e union when they saw how Hitler came to power in Germany in 1933.

As one emigré Austrian historian wrote: "The Anschluss unleashed a surging feeling of all-German nationalism that represented one of the most curious, complex and abrupt turnabouts of pnblic opinion in modern European history."

The Anschluss also unleashed destruction. Austria's Jewish community of over 200,000 was decimated, 20,000 Austrians were picked up overnight by the Gestapo, and 32,000 political prisoners died in the camps or prisons for resisting.

The Austrian republic's democratic roots were weak from its inception in November 1918. The country lost its vast empire and its industrial base, and few Austrians had confidence in the viability of their country on its own. But union with Germany was forbidden under the terms of the 1919 treaty of Saint Germain.

The Socialists, led by Mr Otto Bauer, the Austro-Marxist, and the Christian Social Party under Monsignor Ignaz Seipel, the Chancellor, supported the idea of Anschluss. But after the League of Nations granted Austria a 650m Gold Crown loan, the young state gained a degree of self-confidence.

The tragedy is that the growing self-confidence was channeled neither into strengthening the democratic institutions nor into creating the basis for e stronger political cultnre. Instead, tha Catholic and corporatist-oriented CSP, whose power base was centred in the provinces, set out to destroy tha Socialists, whose stronghold was in "Red Vienna."

The urban working and middle classes, under the umbrella of tha Social Democrats, had littla empathy with the rural and petit bourgeoisie and vice versa - divisions which linger to this day.

The growing tension was fostered by Monsignor Seipel, a fanatical Catholic who loathed the Socialists. In July 1927 police fired on workers protesting against the acquittal of members of the Heimwehr, the paramilitary wing of the CSP, who had murdered two people during a Socialist demonstration. In reaction, the workers burned down the Justice Palace.

From then on Austria's fragile democratic institutions had little strength to defend themselves against tha rise of the far right and Austria's own brand of clerical-fascism. In March 1933, Mr Engelbert Dollfuss, the CSP chancellor, disbanded parliamentary democracy.

"Dollfuss could have stemmed the rise of the Nazis by broadening his political base, by seeking a rapprochement with the Socialists. But he never did. It was only a matter of time before Hitler could dictate the events," an Austrian historian argued. Dollfuss himself was murdered by the Nazis in July 1934.

Austria tore itself apart. After a bitter civil war in February 1934, the CSP drove the Social Democrats and the Schutzbund, tha Republican defence corps, nndergronnd. Schuschnigg's anthoritarian Fatherland Front, tha only legal political movement, relegated Austrian democracy to the history books.

Dogged by the Nazis, but refusing to work with the Socialists, on July 22, 1936, Schuschnigg signed the Austro-German agreement which placed pro-Nazi ministers in charge of foreign affairs and internal security. The agreement effectively sealed the fate of an independent Austria.

As the Nazis threw Austrian Jews and Communists, Catholics and Socialists into the concentration camps, a tacit pact was agreed among them: after the war, Anstrians would join together to avoid the bitter conflicts of the civil war and the destruction of parliamentary democracy.

"The memory of those days was too awful. You cannot understand the deep hatred between the Blacks (conservatives) and the Reds. When Hitler walked in, we knew we did little to stop him. We thought, but I don't know if we believed it, that at last the terrible days of tension and conflict would end and we would have some peace," a retired banker explained.

Fifty years later, Austrian historians and intellectuals say it is time to confront the past. "It will mean discussing those tragic days when we alone destroyed our democracy and made it easier for Hitler to walk in," an historian argues. Bnt, he added, "if we really believe our own institutions today are strong enough to deal with the past, we should begin to trust those very institutions which we destroyed in the 1920s."

A German soldier arrives in Vienna on the day of the Anschluss

Chirac calls for France to play bigger Nato role

BY IAN DAVIDSON IN PARIS

MR JACQUES CHIRAC, French Prime Minister and presidential candidate, has called for France to play a more active role in Nato, to strengthen the European pillar of the alliance.

Mr Chirac also urged a strengthening of France's bilateral defence links with its European partners, as well as for e strengthening of the seven-nation Western European Union defence grouping.

The proposal for a bigger French role in Nato, put forward by Mr Chirac at a press conference to spell out the defence policy aspects of his electoral programme, appeared to go further than previous official pronouncements.

In recent years, and especially since 1982, French governments of both left and right have steadily but cautiously shifted the national consensus on defence policy away from an exclusive emphasis on national independence, towards a greater stress on France alliance commitments.

In public, government spokesmen regularly insist on France's political fidelity to its membership of Nato. In practice, however, most of the recent innovations in French defence policy, which have been designed to give this fidelity credibility in defence terms, have revolved around the bilateral relationship with West Germany: the creation of the Force d'Action Rapide, last year's large-scale joint manoeuvres with German forces, the creation of the mixed Franco-German brigade, and the establishment of the Franco-German Defence Council.

Mr Chirac declined to spell out in detail his ideas for strengthening the European pillar of the alliance, but he implied unmistakably that Nato needed to change, to take account of e more important European dimension.

He said: "France should play a more active role inside the Atlantic Alliance in order to make it an alliance of equals: North America, on one side, and Western Europe on the other. The Atlantic Alliance can only be strong if Europe is strong and united; today everybody is convinced of this truth.

"The Alliance was conceived at a time when Europe was incapable of defending itself, and when the resentments of two world wars had not yet been dissipated; sooner or later it must adapt to the revolution which has taken place in the past 30 years, marked by the Franco-German reconciliation and an irreversible process of European construction."

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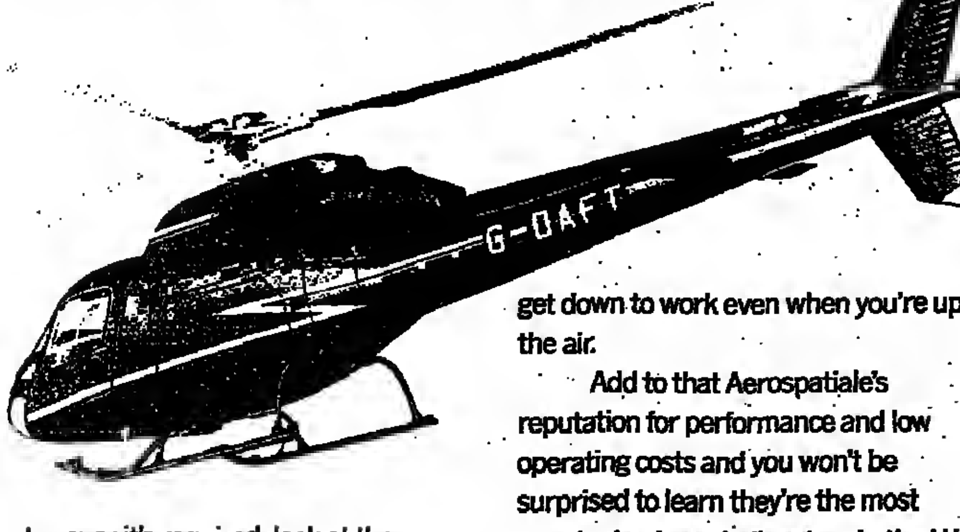

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Shamir to present counter peace plan

ISRAELI Prime Minister Yitzhak Shamir will present his own Middle East peace plan in Washington next week as a counter-proposal to a US peace initiative, according to his spokesman, Reuter reports from Jerusalem.

Mr Avi Pazner, the spokesman, said: "The Prime Minister is preparing his own peace plan which he will submit to President Reagan and Secretary of State George Shultz in Washington between March 14 and 17."

Mr Pazner said Mr Shamir's plan would not be revealed before his departure.

However, Mr Shamir has insisted that Monday's hijacking of an Israeli bus in the Negev desert, in which three Israeli civilians and their three Palestinian attackers died, would have no effect on peace moves.

The US reiterated on Monday its call for a prompt response to its new Middle East peace initiative

Trouble-shooting monk faces an uncertain future after failing to end protest

Tibet riots end lama's balancing act

FIERCE anti-Chinese rioting in Lhasa last week could herald the political downfall of one of Tibet's most mysterious figures who has both suffered and prospered under Peking's rule, Reuter reports from Peking.

Western diplomats say the Panchen Lama has been a key broker between Peking's new generation of pragmatic communists and the devoutly religious monks of Tibet.

They recall that he opposed Tibet's nationalist movement but was a strong advocate of more liberal policies there, a stand now under fire in Peking after Saturday's renewed outburst of violence.

The Panchen Lama, a 50-year-old Buddhist monk, is both a senior Government official in Peking as well as being Tibet's second highest spiritual leader.

His picture is often published in official newspapers and his portrait sits in temples next to that of the Dalai Lama, Tibet's God-king who fled into exile in 1959 after a failed, anti-Chinese rebellion.

Revered by many Tibetans but hated as a collaborator by others who call him "a Chinese chopstick," he spent almost 10 years in prison during Chairman Mao Tsetung's Cultural Revolution which ended in 1976.

Monks in Drepung Monastery, the largest in Tibet, said recently that he was tortured in jail and was still popular among Tibetans.

But a well-placed official reported that shops and stalls he owns near Lhasa's Johkang Temple were looted in Saturday's rioting in which up to nine people were killed.

Tibetans shouted: "You sold the nation" and "These are Chinese shops," the official said.

Diplomats said the Panchen Lama had been tipped to become China's next Vice-President later this month but hopes of higher office had been dashed by the latest events.

He was sent from Peking into Tibet in January as a trouble-shooter in the aftermath of pro-independence rioting last October. He was to ensure that Tibet's most important religious festival, which draws hundreds of monks

The Panchen Lama

and thousands of pilgrims to Lhasa, passed peacefully.

Only three weeks ago, senior Communist figures feted the Panchen Lama on his return to Peking, in the Great Hall of the People, praising him for following central Government orders, acting decisively and winning the support of the masses.

But the tables were turned when anti-Chinese protests erupted on the last day of the festival and the Panchen Lama is now under tight security, the official said.

Since Saturday's rioting, his name has not been mentioned in official newspapers and the official said Peking would not risk sending him back to Tibet to try to heal wounds.

During his month-long inspection tour of Tibet, the Panchen Lama had called for more relaxed policies rather than a tighter rein from Peking.

Diplomats noted that it was the Panchen Lama who first confirmed in public that police had opened fire on rioters last October, an account that had been repeatedly denied by officials.

Little is known about the Panchen Lama's private life.

People believe he is married to a young ethnic Chinese with a daughter – an unusual state for a monk – and has considerable wealth in property and projects in Tibet.

Peking says 309 police hurt in Lhasa protests

BY ROBERT THOMSON IN PEKING

CHINESE officials said yesterday that at least 309 police were injured in a bloody pro-independence protest on Saturday in Lhasa, the Tibetan capital, suggesting that the incident was far more violent than the Government had previously acknowledged.

The protest has heightened divisions in the Chinese leadership over the Tibet issue. While the official media have quoted some officials as assuring that reforms granting freedom of religion will continue, others have argued that the Government has been far too lenient.

Foreign witnesses suggest that as many as nine people were killed after Buddhist monks began chanting pro-independence slogans at a temple in central Lhasa, and police moved in to arrest them. Monks and other Tibetans hurled stones at the police, some of whom opened fire on the protesters.

However, Xinhua, the official news agency, has reported that only one person, a police officer, was killed, and claimed "no police carried arms while on duty that day", though the large number of police injured discredits claims that only a "few splittists" were involved. According to the Xinhua report, a Tibetan government official condemned the rioters and said: "The Tibetan people, including Lamas, will never allow the protesters to plunge Tibet into serfdom again and separate it from China."

The protest has intensified argument in the already divided leadership over the course of reform in the region, and conservatives will certainly point to evidence that young monks led the pro-independence chanting on Saturday as a sign that the party's education programmes need to be overhauled and party control must be tightened. Conservatives say the monasteries are breeding grounds of dissent.

Significantly, the Panchen Lama, second in Tibetan spiritual rank to the exiled Dalai Lama, who fled Lhasa during an abortive uprising in 1959, has yet to make a comment on Saturday's protest, and has clearly been embarrassed by the incident. Communist reformers have encouraged the Peking-based Panchen to take a more active political role.

Sources in Lhasa said police are questioning "dozens" of monks detained after the protest as well as many more pilgrims, apparently enraged when police tried to arrest the chanting monks.

The full extent of the Saturday's violence remains unknown, as police cleared foreigners from the scene in the early afternoon. Small arms fire was heard into the late evening and smoke was seen rising from the Johkang Temple.

Afghan war negotiators get down to details

By William Dullforce in Geneva

INDIRECT TALKS between Pakistan and the Soviet-backed regime in Kabul on the withdrawal of Soviet troops from Afghanistan continued to hang fire yesterday.

Mr Diego Cordovez, the UN mediator who shuttles between the two sides, told reporters they might as well go sightseeing this week. There were, he said, still plenty of details to be settled before the four instruments of the withdrawal agreement could be signed.

At the end of a session lasting less than two hours yesterday, Mr Zain Noorani, the Pakistani deputy Foreign Minister, denied that the talks were stalemated.

But the crux of the delay is Pakistan's refusal to sign an accord before Moscow and the government in Kabul have agreed to synchronise the pullout in some way with the formation of a transitional, coalition government in Afghanistan.

Washington, represented on the sidelines in Geneva by Mr Robert Peck, the deputy assistant secretary of state, is apparently not putting pressure on Pakistan to abandon its position on a coalition government.

The US was not unhappy with the present situation of "constructive ambiguity", an official said. Other US diplomats voiced sympathy for the Pakistani argument that bloody chaos would erupt in Afghanistan if the Soviet forces pulled out before a coalition administration had been accepted.

Moscow has not yet agreed to the "symmetry" demanded by the US in the cut-off of aid from the two superpowers to their respective clients in Afghanistan after the signature of a withdrawal accord.

A shift in the US position towards greater sympathy for the Pakistani attitude was signalled at the weekend by Ms Phyllis Oakley, a State Department spokeswoman.

She said the US would maintain its military support for the Mujahideen guerrillas fighting Soviet forces until it was satisfied with the terms of the withdrawal agreement and that there would be "symmetrical cessation" of Soviet military supplies to the regime in Kabul.

Punjab threat rejected

SIKH leaders yesterday condemned a threat of emergency rule in Punjab if Sikh separatists rejected Delhi's peace overtures, Reuter writes from Chandigarh.

Mr Prakash Singh Badal, the former Punjab Chief Minister, denounced the threat to use emergency laws in the state where extremists want a Sikh homeland. More than 330 people have been killed there this year.

Senior officials said yesterday the Government had taken a calculated risk in announcing concessions to extremists and would not hesitate to take stringent steps if they failed to bring a political solution.

Malaysian GDP beats predictions

By Wong Sulong in Kuala Lumpur

THE MALAYSIAN economy grew by 4.7 per cent last year and growth is likely to exceed 4 per cent this year, Sultan Mahmood Iskandar, the Malaysian King, said in his speech at the opening of Parliament.

His disclosure of a 4.7 per cent rise in gross domestic product is the highest official estimate ever made, and is well above the 2 per cent projected in the budget last October and 3 per cent predicted by the Malaysian Institute of Economic Research in January.

The King said continued economic progress depended on political stability, and called on members of Parliament and the people to give their "undivided support" to Dr Mahathir Mohamad, the Prime Minister, who recently squashed a challenge to his leadership within his United Malays National Organisation.

Government officials said the higher-than-expected growth for last year was achieved because of strong commodity prices and increased oil production during the second half.

Tan Sri Jaffar Hussein, the Central Bank Governor, said latest indications showed Malaysia had emerged from the 1985-86 recession and was enjoying a broad-based recovery, led by firm commodity prices and strong demand for manufactured goods.

Meanwhile, the Ministry of Trade and Industry said in its annual report that manufacturing grew by 12 per cent last year compared with 7.5 per cent in 1986, with the best results in electronics, textiles and wood-based industries.

South Africa raises bank rate to 10.5%

BY JIM JONES IN JOHANNESBURG

THE SOUTH African Reserve Bank last night raised the bank rate to 10.5 per cent from 9.5 per cent and said the country's commercial banks would follow by raising their benchmark prime overdraft lending rates to 14 per cent from 13 per cent.

The move is intended to head off balance of payments problems expected to occur later this year and it is also expected to stiffen official anti-inflationary policies.

It also marks an end to two years in which cheap money policies have predominated over other strategies to pull the economy out of the worst recession it has experienced since the Second World War.

Recent consumer spending indicates cheap money policies have succeeded.

By Last December new car sales were 32 per cent higher than in December 1986 and spending on other durables has risen correspondingly.

The less attractive aspect seen by the Reserve Bank has been the country's propensity to import.

In the fourth quarter of 1987, imports were 30 per cent higher than a year before and in January this year the crude trade surplus had narrowed to R550m ($193m at the prevailing financial rate) from R779m in December.

Last month, Dr Gerhard de Kock, the Reserve Bank governor, warned that a deterioration in the trade surplus and in the balance of payments current account could not be countenanced while South Africa had to repay its foreign debt.

He said domestic interest rates would have to rise to protect the current account by persuading importers to finance imports with comparatively cheap foreign credit.

The recent weakness in the gold price has heightened fears that balance of payments difficulties could develop later this year unless they are headed off now.

However, the Reserve Bank does not want to cut imports needed to sustain the economic recovery.

Dr De Kock has regularly expressed concern at the persistence of double digit inflation and the disincentive to savers of negative real interest rates – nominal rates less than inflation.

Inflation has been falling for two years, but was still running at a year-on-year rate of 14.3 per cent in January this year.

Assad dismisses Shultz Mideast peace plan

SYRIA'S President Hafez al-Assad dismissed the latest US peace proposals for the Middle East and indicated a long struggle with Israel lay ahead, Agencies report.

Referring to the US plan put to Arab and Israeli leaders by Mr George Shultz, the US Secretary of State, President Assad told a rally marking 25 years of Baath party rule: "I can say in brief that they are the same proposals, same spirit, same essence though the words were different . . . there is nothing new in the matter."

The plan envisaging an international conference and limited self-rule for Palestinians received a mixed reaction during a nine-day tour of the region by Mr Shultz which ended last week.

Mr Assad, who has ruled Syria with a firm hand since 1970, indicated that a long, uncompromising struggle against Israel lay ahead. "Do not be deceived. . . . Israel does not want peace for Arabs. It wants the capitulation of Arabs," he said.

Meanwhile, Mr Yitzhak Shamir, Israeli Prime Minister, will present his own Middle East peace plan in Washington next week as a counter-proposal to a US peace initiative, his spokesman said yesterday.

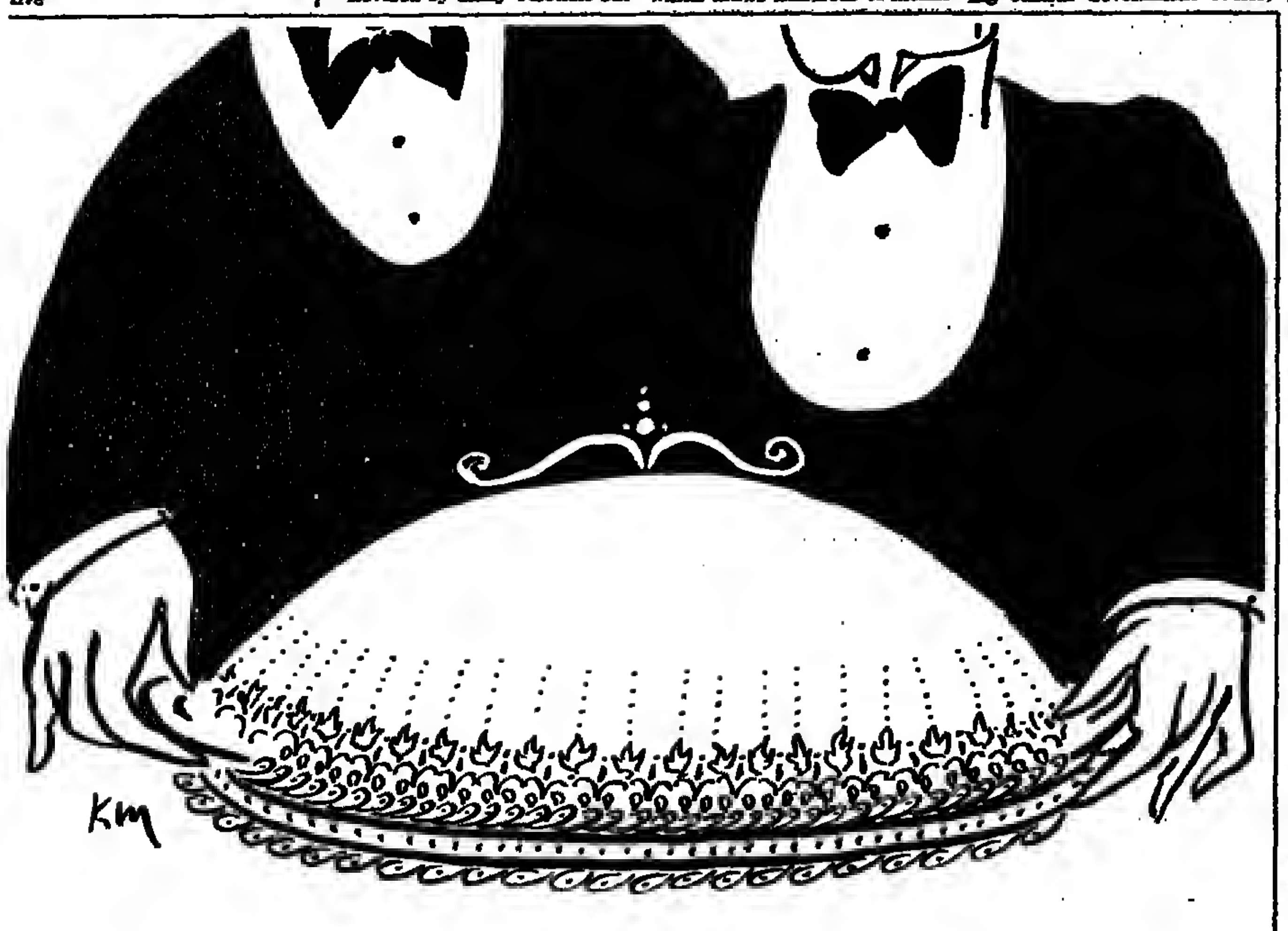
"The Prime Minister is preparing his own proposal, a peace plan he will submit to President Reagan and Secretary of State George Shultz when he meets them in Washington between March 14 and 17," Mr Avi Pazner, an Israeli spokesman said.

Mr Shamir is currently drafting his plan but details will not be divulged before his departure, Mr Pazner said.

The US reiterated on Monday its call for a prompt response to its new Middle East peace initiative after Mr Shamir had blocked a vote on the US proposal by the Israeli cabinet on Sunday.

Mr Shamir said nothing about any counter-proposal at that time but he insisted that Monday's hijacking of an Israeli bus in the Negev desert, in which three Israeli civilians and their three Palestinian attackers died, would have no effect on peace moves.

"It will not have any influence," he said. "It is a stimulus to advance the peace process as much as possible." But the incident proved, he said, that the Palestine Liberation Organisation could play no role in negotiations.



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Le MERIDIEN
TRAVEL COMPANION OF AIR FRANCE

Illustration by Ken Maryanski for the Meridien.

9th March, 1988

Notice of Annual General Meeting of Shareholders

JB∞B
LIQUIBAER
Julius Baer U.S. Dollar Fund Limited
(A company incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at Julius Baer Bank and Trust Company Ltd., Butterfield House, Grand Cayman, Cayman Islands, on the 30th day of March, 1988 at 11 a.m. for the following purposes:

1. To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1987 and the reports of the Directors and Auditors.

2. To ratify the acts of Directors.

3. To appoint Auditors and authorise the Directors to fix the Auditors' remuneration.

By order of the Board Liquibaer, Julius Baer U.S. Dollar Fund Limited, P.O. Box 1100, Grand Cayman, Cayman Islands.

A shareholder holding registered shares is entitled to attend, vote and appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the company.

A shareholder holding bearer shares is entitled to attend and vote. Exercise of these rights in respect of bearer shares will be recognised only on presentation at the Meeting of the certificate or satisfactory evidence of the holding. Such evidence may be obtained by depositing the certificate with one of the Agents listed below against written receipt, which must be produced at the Meeting.

Copies of the Annual Report including Audited Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agents listed below.

There are no service contracts in existence between the Company and any of its Directors and none are proposed.

Participating shares are listed on the London Stock Exchange and particulars of the Company are available in the Extel Statistical Service.

Secretary and Registrar: Julius Baer Bank and Trust Company Ltd. Butterfield House, P.O. Box 1100 Grand Cayman, Cayman Islands

Agents:
Bank Julius Baer & Co. Ltd. Bevis Marks House, Bevis Marks London EC3A 7NE United Kingdom
Bank Julius Baer & Co. Ltd. Bahnhofstrasse 36, 8010 Zurich Switzerland
Société Bancaire Julius Baer SA Genève 2, boulevard du Théâtre, P.O. Box 221, 1211 Geneva 11, Switzerland
First Austrian Bank Graben 21, 1011 Vienna Austria

9th March, 1988

Notice of Annual General Meeting of Shareholders

JB∞B
DOLLAR-BAER
Julius Baer U.S. Dollar Bond Fund Ltd.
(A company incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at Julius Baer Bank and Trust Company Ltd., Butterfield House, Grand Cayman, Cayman Islands, on the 30th day of March, 1988 at 10 a.m. for the following purposes:

1. To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1987 and the reports of the Directors and Auditors.

2. To ratify the acts of Directors.

3. To appoint Auditors and authorise the Directors to fix the Auditors' remuneration.

By order of the Board Dollar-Baer, Julius Baer U.S. Dollar Bond Fund Ltd., P.O. Box 1100, Grand Cayman, Cayman Islands.

A shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a shareholder. Exercise of these rights in respect of bearer shares will be recognised only on presentation at the Meeting of the bearer certificate or satisfactory evidence of the holding. Such evidence may be obtained by depositing the certificate with one of the Agents listed below against written receipt, which must be produced at the Meeting. Any instrument of proxy should be delivered to an Agent not less than two business days prior to the date of the Meeting.

Copies of the Annual Report including Audited Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agents listed below.

Secretary and Registrar: Julius Baer Bank and Trust Company Ltd. Butterfield House, P.O. Box 1100 Grand Cayman, Cayman Islands

Agents:
Bank Julius Baer & Co. Ltd. Bahnhofstrasse 36, 8010 Zurich Switzerland
Société Bancaire Julius Baer SA Genève 2, boulevard du Théâtre P.O. Box 221, 1211 Geneva 11 Switzerland

9th March, 1988

Notice of Annual General Meeting of Shareholders

JB∞B
D-MARK-BAER
Julius Baer D-Mark Bond Fund Ltd.
(A company incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at Julius Baer Bank and Trust Company Ltd., Butterfield House, Grand Cayman, Cayman Islands, on the 30th day of March, 1988 at 10:30 a.m. for the following purposes:

1. To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1987 and the reports of the Directors and Auditors.

2. To ratify the acts of Directors.

3. To appoint Auditors and authorise the Directors to fix the Auditors' remuneration.

By order of the Board D-Mark-Baer, Julius Baer D-Mark Bond Fund Ltd., P.O. Box 1100, Grand Cayman, Cayman Islands.

A shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a shareholder. Exercise of these rights in respect of bearer shares will be recognised only on presentation at the Meeting of the bearer certificate or satisfactory evidence of the holding. Such evidence may be obtained by depositing the certificate with one of the Agents listed below against written receipt, which must be produced at the Meeting. Any instrument of proxy should be delivered to an Agent not less than two business days prior to the date of the Meeting.

Copies of the Annual Report including Audited Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agents listed below.

Secretary and Registrar: Julius Baer Bank and Trust Company Ltd. Butterfield House, P.O. Box 1100 Grand Cayman, Cayman Islands

Agents:
Bank Julius Baer & Co. Ltd. Bahnhofstrasse 36, 8010 Zurich Switzerland
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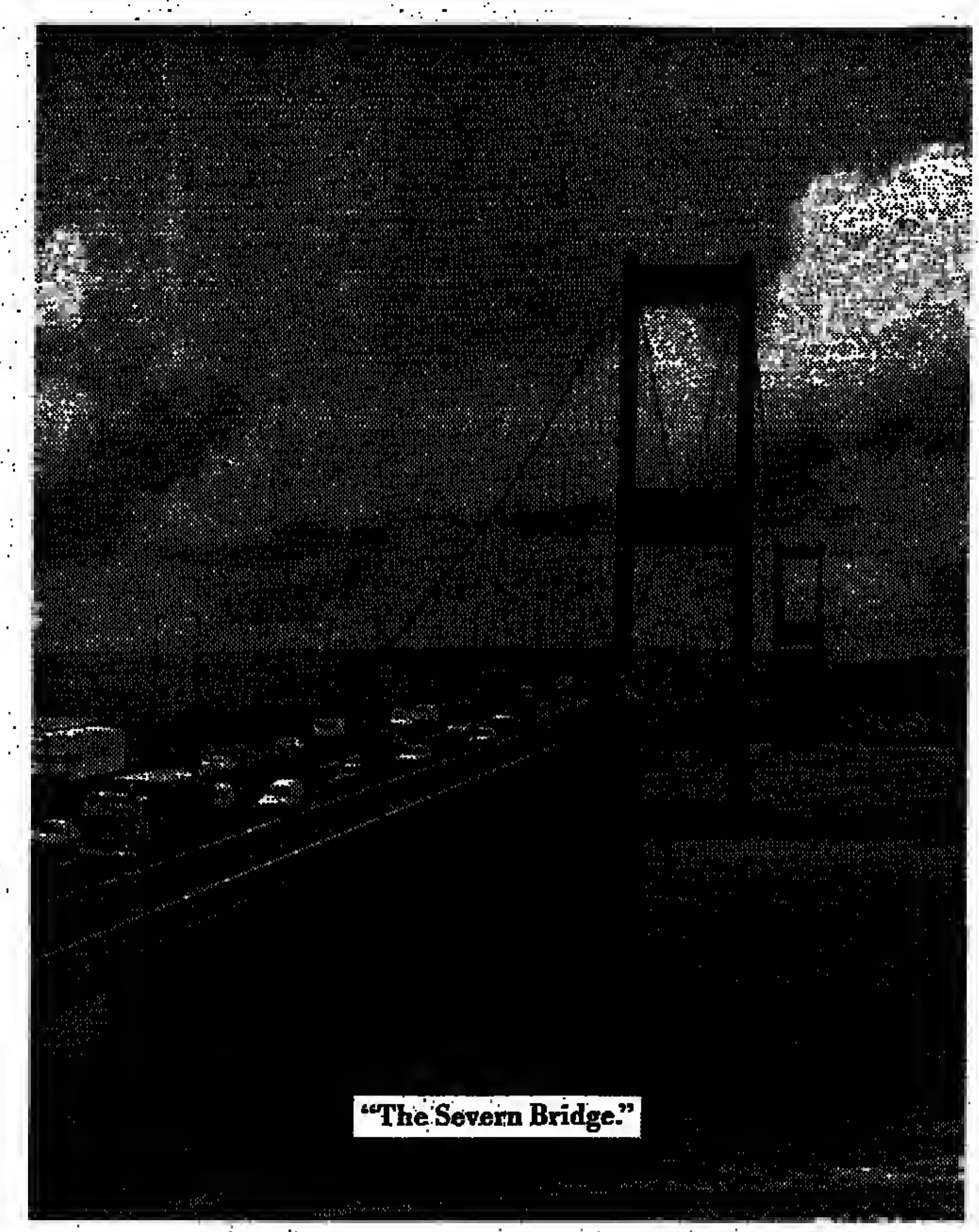

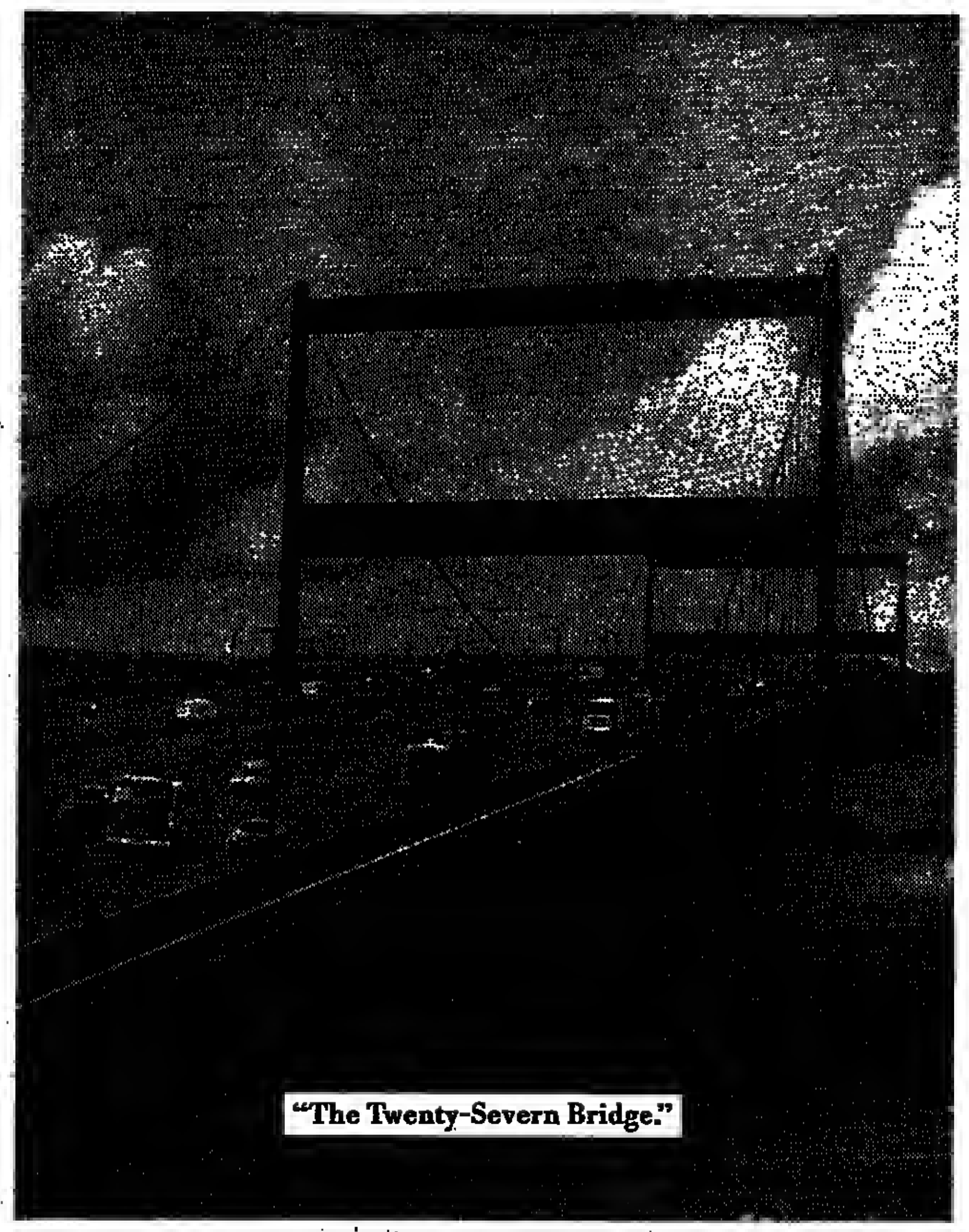

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This is achieved by a unique IBM design. An integral management system supervises the information into a steady safe stream, without delays or diversions.

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AMERICAN NEWS

UK seeks to defuse row on Falklands exercises

BY LYNTON MCLAIN

THE BRITISH Government and the Royal Air Force yesterday sought to reassure South America of the "modest scale" of the UK exercise to practice reinforcement of the Falkland Islands.

The exercise builds up this week with preparations for an airlift of troops and the deployment of Royal Air Force Phantom fighters and Nimrod aircraft, in the face of sharp criticism from Argentina and other South American countries.

The deployment to the Falklands will take place on March 17/18.

Air Chief Marshal Sir Peter Harding, the commander in chief of RAF strike command and UK air forces, was joined by Mr Robin Fearn, an assistant under secretary of state at the Foreign Office, at strike command headquarters, High Wycombe, to explain the "very modest exercise" to an international press conference.

Air Chief Marshal Harding said the announcement of the Falkland Islands Reinforcement Exercise, Fire Focus, in the House of Commons on February 11, had created "enormous ructions around the world," but the exercise was no more than a practice of our procedures for rapid reinforcement".

Mr Fearn said Argentina "may still be seeking a debate in the United Nations Security Council on the exercise, although such an exercise threatens no-one".

He said the reinforcement exercise was "an integral part of our policy of reducing tension in the region". The Government had also offered to return war dead to Argentina, to permit visits by Argentina next of kin to the Falklands and had proposed, in co-operation with the US, a "low key" exchange of personnel with Argentina, Mr Fearn said.

The Government faced criticism at the press conference from UK journalists who questioned why the Government needed to be so modest about its reinforcement exercise.

Tim Coone adds: In Argentina, criticism of the government's foreign policy and its handling of the Falklands Islands issue, is mounting from across the political spectrum.

A claim made at the weekend by Mr Dante Caputo, the Foreign Minister, that the manoeuvres had been scaled down and postponed as a result of Argentine diplomatic pressure, was attacked by a leading daily paper yesterday as being a "capricious interpretation" of British intentions.

Political groups from the far-right and far-left held separate demonstrations in the capital condemning not only "British imperialism" but also the Argentine government for its supposed weak posture and a seeming lack of clear military contingency plans.

Judgment tightens US merger rules

By Anatole Kaletsky in New York

US PUBLIC companies will face pressure to make earlier disclosures about preliminary merger talks – as well as being exposed to greater risks from shareholder lawsuits if they fail to do so – after a Supreme Court judgment announced on Monday.

The Supreme Court decision, in a 10-year shareholder lawsuit against Basic Inc, a Cleveland chemicals company, resolved two thorny issues of stockmarket regulation.

In the first of these issues, the court ruled unanimously that a company's management had an obligation not to mislead its shareholders about the existence of merger talks, even if these were only at a preliminary stage.

Previously, corporate lawyers had widely held that takeover negotiations only became "material" information after the two sides actually reached a merger agreement, at least in principle.

As a result it was believed that managements could issue denials or misleadingly incomplete statements about preliminary takeover talks, without violating a Securities and Exchange Commission rule that prohibits any misrepresentation of "material facts" about a company's activities.

The second issue decided in the Basic case was the right of shareholders to bring suits against management even if they could not prove that they had specifically relied on misleading statements in making their investment decisions.

The court upheld, by a four to two vote, what is known as the "fraud on the market theory". This holds that stock prices reflect all public information about a company: if a company makes misleading statements it automatically distorts the "integrity of the market price," giving shareholders a right to sue.

Panama Canal fees

A story in yesterday's Financial Times gave the impression, due to a production error, that ships passing through the Panama Canal pay just $450. This figure should have referred to the maximum lights and buoys tax implemented by the Panamanian Government.

Ivo Dawnay studies the omens after the sacking of Brazil's Central Bank governor

Sarney fiddles while heads roll

A STRONG whiff of decadent, late-period Rome hangs about the glass and concrete ramparts of Brasilia these days. This Monday was a case in point.

As Congressmen debated an obscure new constitutional clause on national control of the sub-soil, they remained entirely oblivious to the blood-letting in the executive corridors of real power outside.

By early evening, reporters and civil servants were all aware that something was up in President Jose Sarney's Planalto Palace. Rumours and alarums swirled among the tower-blocks.

Was Finance Minister Mailson da Nobrega about to resign in protest at the President's foot-dragging on spending cuts? Was Central Bank president Fernando Milliet due to be sacked or promoted? What was Mr Camilo Calazans, the long-serving Banco do Brasil chief doing there?

Sooner or later, news from Mr Sarney's embattled bunker began to leak out.

Calazans' head had been chopped for defiantly authorising a 40 per cent pay rise for his troops without prior permission. Milliet, on the other hand, had fallen on his sword in an attempt to preserve family honour in the face of the ever-declining economy.

On hearing that no more dramas were expected that night, the scribes returned to their offices to report the casualties and muse once again over the entrails before the next round of ritual sacrifices.

In under three years President Sarney's administration has bitten off and spat out four central bank governors and Mr Milliet will not be the most mourned. His role in the current debt negotiations has been more as winged messenger – forever airborne between Brasilia and Washington – than table thumper.

His successor Mr Elmo de Araújo Camões, a conservative, is known and liked in New York from his days as local head of the São Paulo state bank and carries a certain gravitas Mr Milliet lacked.

Nevertheless, to foreigners the omens of yet another change are bad. After all to lose one Central Bank governor is a misfortune, to lose four is something more than careless.

Meanwhile, Mr Nobrega's chances of soon being the government's fourth ex-finance minister diminished slightly as a consequence of Monday's events. Thanks to his efforts to wring from the President the backing for public sector salaries last week,

Bankers saw the departure of Mr Calazans and Mr Milliet as welcome signs of a consolidation of control of economic policy by Mr Mailson da Nobrega, the Finance Minister, Alexander Nicoll reports. One said that the completion of a new team "will help Mr Nobrega internally and is important in achieving progress towards a deal with the International Monetary Fund."

Mr William Rhodes, the Citibank executive who heads the banks' committee negotiating with Brazil, said: "I feel that this in no way changes the tone of our negotiations."

Though Mr Milliet has headed the team in the recently productive talks with the banks, bankers on the committee feel that the country has other highly professional negotiators, especially Mr Antonio de Padua Seixas.

Bankers are very conscious, however, that the biggest question mark hangs over whether Brazil's recent return to more orthodox relations with its creditors will ultimately win political approval at home. Though the country has not formally ended its interest payments moratorium, it has made sizeable lump-sum payments.

he had been badly in need of a victory.

That opportunity came, like a gift, from Mr Calazans, who last year succeeded in sinking Mr Nobrega's predecessor's pay policy with a strategic rise to his employees just after a state sector freeze had been called.

His staff's new increase, arbitrarily ordered this week just three days prior to Cabinet talks on pay, left President Sarney no choice but to sack him or lose a brand new Finance Minister barely out of the wrapping paper.

Nevertheless, Mr Calazan's scalp represents a formidable trophy for Mr Nobrega in his bid to raise his already substantial reputation as a heavyweight civil servant to that of deft political operator.

It does little, however, to help him in his efforts to wring from a bloated public sector the drastic measures to tackle the bloated public sector whose wages alone are now threatening to absorb all federal revenues.

For as if deaf to all his minister's warnings on salaries, Mr Sarney promptly undid the good of Mr Calazans' dismissal by authorising a fully-indexed 16 per cent rise for the civil service this month, rejecting even the fall-back option of limiting it to the lower paid.

Where Mr Nobrega will now turn for his savings is a mystery to observers in Brasilia given the resistance of many ministers to let the axe be taken to their spending programmes.

Yet with inflation heading towards 20 per cent a month, printing cash or scattering more government paper around the capital markets looks dangerously like flirting with hyperinflation.

Mr Delfim Netto, the former Finance Minister and one of Brasilia's rare free marketeers, believes a crunch cannot be far off. "In the end, a government has to measure the political cost of doing something unpopular against the political cost of doing nothing at all. It will have to act," he told the Financial Times yesterday.

Nevertheless, Mr Netto is now convinced that Mr Sarney's economic fiddling has gone on too long for him to bring round the Constitutional Assembly to his pleas for a five year mandate and a presidential, as opposed to parliamentary system of government.

Until tough decisions are taken, Rome will burn and the "elections now" mob will continue to mass at the palace gates.

Hollywood writers vow to continue walkout

HOLLYWOOD television and movie producers scrambled to hire replacement scriptwriters and urged strikers to cross picket lines yesterday in an effort to keep game shows and soap operas on the air, AP reports from Hollywood.

However, the scriptwriters vowed to wait out the struggle as almost 2,000 of them marched five abreast in front of 20th Century Fox studios on Monday, the first day of a walkout over demands for higher fees and more creative control.

The issues include demands by writers for a higher percentage of foreign market distribution fees and more control over scripts, and a producers' demand to scale back syndication fees for one-hour television shows. Producers say new shows made for independent stations have dried up the rerun syndication market.

Contras refuse to attend renewed ceasefire talks

THE NICARAGUAN Contra leader, Mr Adolfo Calero said yesterday that the Contra rebels would not attend ceasefire negotiations that the Sandinista Government had scheduled for today, AP reports from Managua.

Mr Calero said in a telephone interview from Miami that Government officials had talked to the rebel leaders on Monday "at the last minute" to tell them "that they were ready for a meeting."

"Apparently what the Sandinista Government wants is a unilateral show . . ." he said. "We are not willing to attend a unilateral meeting set up by the Sandinistas."

Three days of talks were to be held at the frontier post of Sapoa, about 145km (90 miles) from the capital, Managua, along the southern border with Costa Rica.

Mr Calero said the rebels might agree to hold talks at a later date in Sapoa.

President Daniel Ortega proposed the talks last week. He also said Cardinal Obando y Bravo, head of the Roman Catholic Church in Nicaragua, would no longer serve as a mediator.

Mr Ortega said the Government delegation to the talks would be headed by Mr Humberto Ortega, the Defence Minister and one of nine members on the ruling National Directorate.

The Contras nominated Mr Calero to head their delegation, but insisted that the cardinal be a witness at the meeting.

Late on Monday, the Government relented and said Cardinal Obando y Bravo and Mr João Baena Soares, secretary general of the Organisation of American States, had agreed to serve as witnesses.

The Government maintains the talks should focus on the laying down of arms as outlined in the regional peace plan, signed last August.

The rebels want the discussions to be expanded to include a proposal put forward last month in Guatemala City by the cardinal.

He called for the Government to grant a full amnesty to political prisoners, review a mandatory military draft law, allow full media freedom and renew a dialogue with its internal opposition.

US telephone companies free to widen services

BY RODERICK ORAM IN NEW YORK

REGIONAL US telephone companies have won permission to offer information services such as electronic mail and the storage and retrieval of audio messages in a further widening of their business activities.

Although they are still forbidden from originating the computerised information used in the services, the companies generally expressed satisfaction with the ruling.

Judge Harold Greene, who continues to rule on issues arising from the creation of the seven regional "Baby Bells" by the break-up of American Telephone and Telegraph's Bell system in 1984, said the expanded services would "bring this nation closer to the enjoyment of the full benefits of the information age."

His decision clarified ambiguities created by his major ruling last September on regional companies' services. At that time he rejected their requests to manufacture equipment and provide long distance services.

The new services will include audiotex, akin to videotex, which will allow customers to use touch-tone telephones to gain access to computer-stored messages and information.

Spate of crashes sparks commuter airline probe

BY RODERICK ORAM

THE Federal Aviation Administration will begin shortly a year-long inspection of US commuter airlines because of a spate of seven accidents since November which has claimed 56 lives.

The safety record of the 173 carriers which operate feeder services to major airlines' routes has deteriorated sharply recently, Mr Allan McArtor, head of the FAA, said yesterday.

A number of big carriers such as United and Continental own outright or have close business relationships with commuter airlines. The regulatory agency will review "major problem areas", focusing on, for example, airline management, training programmes, record keeping and aircraft maintenance. It hopes to finish an initial report on a fifth of the carriers by September.

This will be used by inspectors with responsibilities for individual airlines to prepare a comprehensive final report. Commuter airlines suffered 35 accidents resulting in 58 deaths in calendar 1987 compared with 15 accidents and four deaths in 1986.

It was their worst year since 1979 when 66 people were killed.

WORLD TRADE NEWS

Japan and China in technology talks

By Robert Thomson in Peking

CHINESE and Japanese trade and investment officials met in Peking yesterday to discuss problems plaguing economic relations between the two countries, including continuing technology transfer difficulties.

The Chinese Government has been disappointed by the level of Japanese investment, and the present session of the Sino-Japanese economic consultation group will focus on means of attracting further investment in China.

Peking is now less perturbed by the bilateral trade surplus in Japan's favour, which fell 52 per cent last year to $3.7bn, after Chinese leaders warned that the deficit was "unacceptable" and imposed tough restrictions on imports of Japanese consumer goods.

China's exports last year to Japan, its largest trading partner, amounted to $6.4bn, up 33.9 per cent, and its imports totalled $10.1bn, down 18.8 per cent.

Japanese company representatives based in Peking suggest that investment in China could rise significantly this year, as confidence has returned in political stability.

Japanese companies were wary after the dropping early last year of the Communist Party chief, Hu Yaobang, who had a particularly warm relationship with Tokyo.

Shen Jueren, China's assistant minister of foreign economic relations and trade, said Japanese investment last year was $297m, up from $210m in 1986 and $263m in 1985. Shen said there was much room for improvement.

He claimed that the revaluation of the yen was one of the main factors leading to the fall in Japanese exports to China, though Japanese officials argue that import restrictions are a more important reason.

Chinese trade officials are continuing discussions with Japanese government officials on outstanding contracts affected by technology export curbs, and the Chinese want Japanese companies generally to increase the sophistication of the technology they are prepared to export.

Japan typewriter groups hope to forestall EC dumping ruling

JAPANESE typewriter companies, which this week became the first concerns to feel the full force of a new European anti-dumping law, hope to appeal against the penalties before they come into effect, David Thomas and Stefan Wagstyl write.

This crackdown by the European Commission on Japanese assembly plants which import most of their parts from the Far East is likely to reinforce a new trend in Japanese investment - a move by Japanese component manufacturers to set up shop in Europe.

The commission announced this week that duties would be imposed on four Japanese typewriter companies for importing more than 60 per cent of the content of the machines made at their European assembly plants.

The European operations of the four companies - Canon, Matsushita, Sharp and Silver Reed - were yesterday keeping their heads down. Some were even refusing to say how many typewriters they make in Europe, in contrast to the open attitude generally adopted by Japanese companies when they announce new European plants.

It seems certain the companies will contest the decision, even if it is ratified by the EC Council of Ministers, as required under EC procedures.

Canon and Matsushita said in Tokyo yesterday that local content at their European factories had been increasing since the commission's study was carried out in the first half of last year. The value of imported content in their machines was now below 60 per cent.

Canon makes typewriters in Brittany, and Matsushita in Newport, South Wales. Sharp and Silver Reed, the other groups affected by the ruling, both have factories in Britain.

The issue may not be resolved as quickly as Canon and Matsushita hope, because definitions of local and imported content differ widely.

Another route open to the Japanese to challenge the EC decision involves filing a complaint to the General Agreement on Tariffs and Trade. Japan's Ministry of International Trade and Industry said it reserved the right to take this option while it studied the ruling.

The ruling seems certain to accelerate a trend already begun - a wave of Japanese component companies setting up in Europe.

Last month, Matsushita became the latest Japanese company to announce a new European component plant when it unveiled details of a £1.5m factory in Port Talbot, making parts, initially for microwave ovens and video recorders, to supplement a component factory the group has in West Germany.

Mr Takeo Nagishi, European director of the Electronics Industries Association of Japan, expects the flow of component investment to speed up, partly as a result of the EC action.

This new emphasis on components is sustaining another trend: the tendency for many newcomers to be small to medium-sized companies making their first foray outside the Far East.

In recent months, four Japanese companies previously little known in Europe have announced factories in the UK to supply components for office automation and consumer electronics - Kiyokuni, SMK, Mitsumi and Omron.

The migration of these smaller Japanese companies is partly their own initiative, since they realise they have to follow their biggest customers, who are locating more production in Europe.

Total European output of Japanese companies in some products, such as colour televisions, now offers sufficient scale for Japanese component suppliers to produce here profitably.

Their move to Europe also seems partly the result of prodding by large groups desperate to build up local content to avoid further EC action.

Mr Mamoru Miki, head of the London office of Cores, a Japanese market research company, says he has been asked by large Japanese companies to help find ways of encouraging small Japanese component suppliers to set up in the UK.

The wish of Japanese manufacturers to bring their suppliers with them suggests European-based component suppliers will profit little from the growth of Japanese investment in Europe.

Unitech, a British electronics component maker, is scouring Japan for a partner so that it can start making Japanese-designed components under licence in Britain.

China seeks access to proposed Australian satellite launch site

ROBERT THOMSON IN PEKING

CHINA is keen to use a proposed space facility in far northern Queensland for commercial satellite launches, according to the Australian Minister for Industry, Technology and Commerce, Senator John Button.

The minister said the planned Australian site, close to the equator, appeals to China. Its own launch facility in Sichuan province, in the south-west of the country, is unable to put satellites in the equatorial orbit desired by launch customers.

By using a base in Australia, the Chinese, who have ambitious plans for their space industry, could also get around restrictions on technology transfers to Communist countries that might limit the sophistication of Western satellites they are able to launch from their own base.

However, the proposed facility on the Cape York peninsula is subject to two feasibility studies, due to be completed in the middle of this year, and the project is not certain to get off the ground.

Senator Button said the facility, if built, would be open to the Chinese: "if the space port initiative is to be successful it has to be an open go. It's not going to work if we impose restrictions on people."

He said the Chinese "see immense advantages" for their satellite programme in having a launch site closer to the equator. "Launching closer to the equator means that your satellite has a longer life."

China has signed several agreements to provide satellite launches for US and West European countries but has not yet finalised dates, and has been frustrated by the delaying and cancelling of agreements by some of the signatories.

The Great Wall Industrial Corporation, the commercial arm of the Chinese astronautics ministry, estimates that its Long March rockets are capable of launching 18 satellites a year.

Meanwhile, the official Chinese newsagency, Xinhua, announced last night that a telecommunications satellite was successfully placed in orbit on Monday evening by a Long March three carrier rocket.

China claims to have launched about 20 satellites since 1970.

German cross-border electricity plan

BY DAVID GOODHART IN BONN

EAST GERMANY is to be connected to the West German electricity grid by the end of next year in a move which will end West Berlin's costly self-sufficiency in electricity generation.

Agreement to link the grids of the two states was first mooted nearly 10 years ago but was finally confirmed in principle when Mr Erich Honecker, the East German leader, visited West Germany last autumn.

Preussen Elektra, a subsidiary of the energy conglomerate, Veba, is to supply the electricity along a grid starting in Helmstedt, West Germany, extending to Magdeburg in East Germany and finishing in West Berlin.

Construction will largely be undertaken by the East Germans and should begin in the summer. The system will cost about DM350m ($209m) to build.

East Germany, which has problems with its electricity supply, especially at peak times in winter, will start receiving an annual flow of about 1bn kWh in autumn 1989 at a cost of about DM100m. West Berlin should receive a similar flow by 1992 at a similar cost.

Until recently the West Berlin authorities have been reluctant to depend on East German goodwill for any aspect of the City's energy needs. Consequently the City has had to maintain uneconomic reserves to supply its eight fossil fuel power stations.

The new agreement between Preussen, Bewag – the West Berlin utility – and Intrac, the East German energy organisation, ought to stabilise electricity prices in West Berlin.

The three-way agreement also allows the East Germans to supply electricity to West Berlin and even to West Germany itself.

Although the flow will be predominantly from West to East, the difference in peak times between the states might make this more than a theoretical option.

UK-Turkey gas contract approved by Ankara

By Jim Bodgener in Ankara

THE FIRST of several large Turkish construction contracts in line for UK companies in 1988 has been approved in Ankara, despite hostility towards fresh project borrowing in the Turkish Treasury.

A $130.2m contract for the UK's AMEC International and the local Kutlutas for the first stage of the expansion of Ankara's gas distribution network and conversion to natural gas was to be signed this morning with Ego, Ankara municipality's bus, electricity and gas utility.

The UK-Turkish venture was selected in late December after a fiercely contested tender and financing competition. Its chief competitor, Italgas, dropped its initial price by around 30 per cent. However, the financing package supporting the UK-Turkish venture still needed Treasury approval.

In February, the Government opted for lower growth and curbs to public spending in 1988 to halt soaring inflation. As a result, few new projects will go ahead this year but projects for which external funding negotiations are almost complete may prove to be the exception.

This was clearly the case with Amec and Kutlutas, whose financing package is supported by a £69m ($124.9m), 20-year facility from the UK Government.

It may also apply to two highway contracts, for the Aydin-Denizli route in the south-west, and for a central Istanbul motorway.

Korea exporters aim to beat won rise

BY MAGGIE FORD IN SEOUL

SOUTH Korean manufacturers are rapidly increasing shipments abroad in an effort to boost profits in advance of the rapid appreciation of the won.

The US Government, which last year recorded a trade deficit with Seoul of $9.8bn (£5.4bn), has demanded that the currency be revalued against the US dollar. Yesterday the won closed at 750 to the dollar, a 4.4 per cent appreciation since the beginning of the year, equivalent to a year-on-year rate of 23 per cent.

Mr James Baker, US Treasury Secretary, who visited Seoul last month, is believed to have asked the South Korean Government to revalue the won by 20 per cent over the year.

Exports from South Korea have rocketed in the past two months, with car shipments doubling last month. Exports rose 38 per cent in January. The inflow of funds is prompting fears of inflation.

The Bank of Korea (the central bank) yesterday announced measures to try to contain the increase in the money supply, which has overshot its target for the past three months. Banks' reserve requirements are to be raised, interest rates aligned to encourage repayment of loans used for speculation, new foreign currency loans are to be strictly curbed, and more of South Korea's $35bn foreign debt is to be repaid early.

The number of import categories which qualify for deferred payment is to be reduced and the bank is to urge the Government to repay its debts to the central bank and fund its contributions to the country's Export-Import bank.

Bonn expected to resume Nigeria insurance cover

INSURANCE cover on West German exports to Nigeria is likely to be resumed following the delayed signing in Lagos of a DM2.4bn (£827m) debt rescheduling agreement, according to West German officials, Reuter reports from Lagos.

The signing of West Germany's part of the Paris Club rescheduling in December 1986 which took place on Monday was originally planned for last October in Bonn.

It was delayed by disagreement over one clause, an official of Hermes, West Germany's official export credit agency, said.

Mr Richard von Weizsaecker, West Germany's President said on a visit to Nigeria that the signing would lead to a review of the cover suspension in 1986. "I am confident that the result of this review will be favourable," he said.

The debt rescheduling involves payments until 1997, with the first instalment of interest due on March 31 this year, the Hermes official said. Assuming the payment is made, Hermes cover should be restored.

EC offers to reduce trade curbs

By William Dullforce in Geneva

THE EUROPEAN Community yesterday became the first trading group to offer to eliminate some of its existing trade-distorting restrictions as a contribution to Gatt's current trade-liberalising round.

Under the offer, tabled in the Uruguay Round surveillance body, the 12 EC countries will drop quantitative restrictions - import quotas or other physical limits - on 121 items.

The offer is not applicable to all countries - Gatt's East bloc members and Japan are specifically excluded on many items - and was described by EC officials as carrying more political than economic portent.

It is, however, the first rollback offer made to the surveillance body, whose role is to supervise countries' compliance with the standstill and rollback commitments they made at the launching of the Uruguay round in 1986.

Under standstill, governments undertake to introduce no new trade restrictions. Under rollback, they should gradually eliminate measures inconsistent with Gatt rules.

The EC sees its offer as an invitation to other countries to follow suit.

In a rather gruff response, the US claimed that more than 1,000 residual restrictions would still be in force in EC countries, while the Hungarians and Poles complained that their exclusion was discriminatory.

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FINANCIAL TIMES
Europe's Business Newspaper

Joint US, UK venture to take on British Gas

By Maurice Samuelson

HADSON Gas Systems, among the biggest private US gas marketing groups, has combined with a UK company with a view to challenging the British Gas monopoly to supply gas to big UK customers in the 1990s.

The US company, based in Dallas, Texas, has launched a joint venture with Associated Heat Services, the energy contracting company headed by Lord Ezra, former British Coal chairman.

The US group is particularly interested in burning gas in private combined heat and power stations, and selling surplus power to electricity distributors. The group has its eye on the market following the forthcoming privatisation of the electricity industry.

The new company, called Associated Gas Supply, will give evidence next week to the Monopolies and Mergers Commission inquiry on allegations that British Gas is overcharging contract customers while the gas market enjoys a surplus.

Mr Ron Jones, Hadson's retailing chief in the US, will be among the witnesses and will tell the commission how the independent marketing companies in the past five years have revolutionised the US gas market by taking control of 80 per cent of gas sales from the producers.

Mr Jones said that five years ago more than 100 monopoly producers had a stranglehold on the US market. After the effective use of anti-monopoly legislation, he said, some 80 per cent of US gas sales were now managed by between 30 and 40 third-party gas marketing concerns.

He hoped that a similar pattern could be followed in the UK by taking advantage of the 1986 British Gas Act, which regulates the privatised BGC and gives third parties access to its distribution grid.

Ofgas, the body set up to administer the act, last night welcomed the formation of Associated Gas Supply as BGC's first potential marketing competitor.

With most current UK gas fields committed to British Gas, Associated Gas sees little scope for becoming a serious competitor in the market before 1992, when large reserves of uncommitted gas are due to become available.

UNIONS PREPARE TO CHALLENGE INDUSTRIAL RELATIONS REFORMS

Railways face fight on job changes

BY CHARLES LEADBEATER, LABOUR CORRESPONDENT

PROPOSALS FOR a far-reaching overhaul of industrial relations in the British railway industry are facing mounting opposition from trade unions.

British Railways Board says the proposals, which affect the jobs of more than 100,000 workers, are vital to put the industry on a more commercial footing.

The industry's collective bargaining procedures were severely criticised last year by a Monopolies and Mergers Commission inquiry into rail services in the south-east of England. The inquiry said it was wholly unacceptable that it had taken seven years to negotiate the introduction of driver-only trains.

Under the board's proposals hundreds of joint management and union local district committees, which handle local negotiations, would be replaced by direct negotiations between managers and local union officials.

The regional structure, which has operated for about 30 years, will be replaced by a system tailored to the needs of the board's five business sectors.

The board would also like to alter the framework for national negotiations, including the arbitration machinery of the Railway Staffs National Tribunal.

Aslef, the train drivers' union, seems set to reject the proposals outright, according to union officials, and the rail staff union, TSSA, is also likely to reject the plans, according to Mr Richard Rosser, its assistant general secretary.

Both unions, as well as the National Union of Railwaymen said a large proportion of the motions submitted to their annual conferences this summer urged the unions to oppose the changes.

Mr Rosser wrote in the latest issue of the TSSA journal that the board had designed the machinery for its own ends rather than to pursue good industrial relations. The revised machinery would lead to growing resentment and more disputes because it removed vital safeguards for the unions.

Fund managers suffer smallest investment return for 10 years

BY BARRY RILEY

PENSION FUND investment returns in 1987 were the most variable, as well as the lowest, in the past 10 years, according to the first of the major performance measurement services to report on the year's outturn.

According to Noble Lowndes Investment Performance Measurement Service (IPMS) the median return was just 3.0 per cent, but individual funds among the 1,007 measured ranged from a positive 40.0 per cent to a negative 13.9 per cent.

The dispersion of the results was not only because of the effects of the October crash in stock markets, but also because of the varying results from UK equities, where small company stocks greatly outperformed large companies during the year.

Tha best-performing fund of all, a segregated one run by an unnamed insurance company, achieved a 51.2 per cent return on UK equities. However, losses elsewhere reduced this fund's total return to 40 per cent.

In theory, according to stock market index movements during 1987, a fund with an average asset structure should have returned 7.8 per cent for the year. On the positive side, the average manager beat the FT-Actuaries All-Share Index slightly, by returning 9.5 per cent on UK equities. But the overseas equity performance was extremely poor.

Whereas the Morgan Stanley Capital International World Index lost 9 per cent, the average UK manager lost 18 per cent. Noble Lowndes says that the explanation lay in Japan: not only were UK managers underexposed to Japan, which was the best-performing major equity market in 1987, but they were also in the wrong individual stocks.

The IPMS covers 1,007 funds worth some £40bn but the performance statistics relate to the more limited number of 763 fully discretionary funds. The service concentrates on smaller company funds.

The figures indicate that the main effect of the October crash was to cause fund managers to sell overseas equities and switch into cash and, to some extent, Government stocks. At the peak – just before the crash – funds had an average 84 per cent exposure to equities, but by the beginning of 1988 this was down to 76 per cent. Over 1987 as a whole, the biggest single asset change was a drop in the proportion of overseas equities from 24 to under 17 per cent.

Personal pensions win support

BY ERIC SHORT, PENSIONS CORRESPONDENT

A MAJORITY of people questioned in a survey on financial services think they could do better with the new-style personal pensions that will soon become availabla than with the state scheme.

The third annual poll on investor awareness was carried out by Mori on behalf of National Mutual Life Assurance Society, a medium-sized traditional mutual life company.

The countrywide survey questioned 1,024 people mainly about their knowledge of the financial services market.

Witb radical pension reforms soon to be implemented, more than 60 per cent of respondents preferred the new-style personal pensions.

Almost half thought they could also do better with a personal pension than with their employer's pension scheme.

Asked whether they wanted tax cuts or more National Health Service spending announced in next week's Budget, almost 80 per cent of those surveyed opted for the latter, confirming the finding of numerous other surveys.

More than 60 per cent expressed their concern about the future of the NHS in the hands of the ruling Conservative Party.

The survey also showed considerable lack of awareness among the public of the provisions and purpose of the Financial Services Act.

Boardroom buy-outs advocated

By Terry Dodsworth

MANAGEMENT buy-outs ought to be considered for parts of the British coal industry and for the Post Office parcels service, says a study on privatisation published today.

The report, "The Mechanics of Privatisation," by tbe Adam Smith Institnte, argues that state-owned companies acquired by their managers have achieved significant successes in the UK in the past few

Pointing to the experience at National Freight, Leyland Bus, National Bus, Unipart, Vickers and British Transport Advertising, it says managers are in a unique position to know the value of the businesses they run, and the steps that can make them more profitable.

The institute suggests that other companies that could be privatised through buy-outs include the Scottish Transport Group, the Forth and Clyde Ports Authority, the catering service on British Rail trains, the English Industrial Estates Corporation, London Regional Transport and some polytechnics.

Regarding coal industry privatisation, the study suggests that the Nottinghamshire coalfield should be first in line for management and worker buy-outs.

It adds that the Local Government Bill opening local services to contractors creates an opportunity for staff to acquire local government departments and operata them as independent businesses.

THE BUILDINGS THAT VOTE ELECTRICITY A WINNER

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A £9 million sports and leisure centre and a leading compact disc manufacturing company are the two national winners of our 1987 Beta Awards for energy efficiency in private and public sector buildings.

Thamesdown Borough Council's Link Centre at West Swindon takes the Award for buildings over 1,000 square metres. The Centre recovers some £40,000 worth of energy a year from ice rink compressors and uses it to warm the swimming pool and provide space heating and domestic hot water for the 12,500 square metre building.

The Beta Award for buildings under 1,000 square metres goes to Nimbus Records Ltd of Monmouth, Gwent. In their modern office conversion the under-floor hot water heating system uses waste heat recovered from the production area. Annual fuel savings for the 600 square metre building amount to some £2,000.

The 1987 Awards attracted 389 entrants, from whom 28 regional winners were selected.

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Restrictive trade practices legislation to be tightened

BY DAVID CHURCHILL

NEW LEGISLATION to tackle restrictive trade practices in UK industry and commerce is to be brought in by the Government, Lord Young, Trade and Industry Secretary, announced yesterday.

The legislation will replace the existing 30-year-old laws, which the Government believes have become unworkable and ineffective.

The changes were put forward yesterday in a Green Paper discussion document from the Department of Trade and Industry and follow an 18-month internal review of the Government's competition policy.

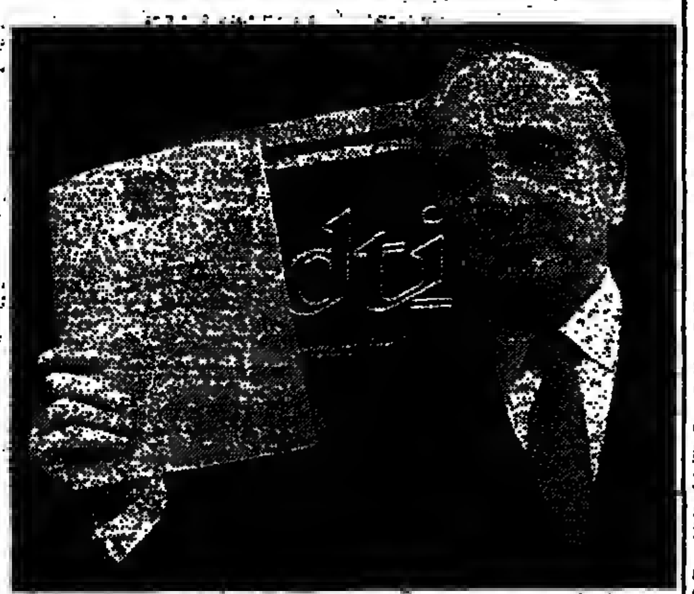
This led to the Government announcing plans last week to speed up merger control procedures in the UK as well as charging companies for the cost of such investigations.

Lord Young said yesterday that "many of the professions such as lawyers, estate agents and accountants at present enjoy a carte blanche exemption from restrictive trade practices legislation."

He added: "This no longer will be the case. Under the proposed new regime they will have to justify any exemption."

The main thrust of the legislation will be to make any agreement between two or more companies unlawful if it has the effect of restricting or distorting competition.

Although the law is expected to be generally worded to cover all anti-competitive practices, the Government is particularly worried about price-fixing cartels, collusive tendering and companies exerting market power by refusing to supply certain customers.



Lord Young announcing the Government's proposals yesterday

The existing procedure, whereby all restrictive agreements have to be entered in a central register in London, will be scrapped.

Sir Gordon Borrie, Director General of Fair Trading, and his officials will have responsibility for determining breaches of the proposed law.

Officials will also be empowered to enter and search any premises, a right currently available to European Commission competition officials but denied to their UK counterparts.

The OFT can also fine offending companies up to a maximum of 10 per cent of their combined total turnovers.

The Restrictive Practices Court is being retained as a court of appeal against OFT decisions. It will also be able to levy larger fines for persistent offenders.

Mr Francis Maude, Corporate Affairs Minister at the DTI, said yesterday that the OFT's new powers "would not lead to any fishing expeditions for information."

The Confederation of British Industry said last night that the OFT's proposed new powers were unjustified.

"There is no evidence to suggest that restrictive agreements are escaping detection at present to justify the powers of search and entry," it said.

Editorial comment, Page 22

Prestwich to sell Bush electronics distributor

By Clay Harris

PRESTWICH HOLDINGS, the entertainment and leisure group, plans to sell Bush Radio, the consumer electronics distributor it bought for £15.5m less than two years ago.

Bush is one of the oldest names in the British radio and television industry.

The decision to sell the division reflects not only a sharp change of direction for Prestwich but also the uncertain short-term future facing electronics suppliers and retailers in the UK.

Mr Paul Levinson, Prestwich chairman, said yesterday that his group had rebuffed offers for Bush last year. "Since then, we've decided that if the right approach comes along, we'll take it," Mr Levinson said.

Bush is suffering from a squeeze on margins as UK retailers cut prices to compete in a slow-growing market.

The distributor's problems were underlined in Prestwich's first-half results published yesterday. Operating profits from consumer electronics fell from £1.72m to £1.15m.

Prestwich would be unlikely to recoup the £15.5m it paid for Bush, according to analysts.

The company's shares fell 9p to close at 135p.

Sterling policy divergence disconcerts Treasury

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

DISAGREEMENTS between Mr Nigel Lawson, the Chancellor of the Exchequer, and Mrs Margaret Thatcher, the Prime Minister, over the Government's exchange rate policy are nothing new.

But comments by Mrs Thatcher in the House of Commons yesterday on her willingness to see sterling rise further on foreign exchange markets prompted Treasury dismay.

Since allowing the pound to break through its DM3.00 ceiling on Monday, the Treasury has been waging an energetic campaign to persuade industry and financial markets that it has not ditched its overall policy of a stable exchange rate.

The clear implication was that if sterling's rise against the West German currency went too far, then the Bank of England would intervene to hold it down or interest rates would be cut.

A small reduction in interest rates even before the "good news" expected in next Tuesday's budget had not been ruled out by the Treasury.

Against that background, Mrs Thatcher's characteristically frank comments yesterday could hardly have been more ill-timed. The Prime Minister's message was that she was not prepared to risk higher inflation by excessive intervention or lower borrowing costs. Whatever, the Treasury was saying, the pound would, of necessity, have to rise.

Mrs Thatcher: ill-timed words

A few hours later Whitehall's Mandarins were trying valiantly to reconcile the contradiction. The Treasury pointed out that it too was against "excessive" intervention. Mrs Thatcher's comments on interest rates referred to "at the present time." Officials also emphasised that her comments were not part of a prepared text but were in response to questions.

The disavowals, however, could not disguise the fact that the Prime Minister and Chancellor have a fundamentally different approach to exchange rates.

While Mr Lawson has been persuaded of the virtues of an interventionist stance – in Washington last September he proposed a new system of "managed floating" of all the major currencies – Mrs Thatcher has retained her free-market instincts.

Last autumn, in an interview with the FT, she questioned the virtues of managed exchange rates.

In parallel, Mr Brian Griffiths, her economic adviser, also let it be known that the Prime Minister did not approve of the Chancellor's Washington speech.

After that there was an uneasy truce which, by and large, satisfied the Chancellor. His neighbour in Downing Street did not share his enthusiasm for keeping the pound steady but would not interfere with the day-to-day operation of policy.

In recent weeks, however, the Prime Minister is said to have become increasingly uncomfortable with repeated intervention to hold sterling lower.

GM facing strike over pension fund surplus

By Our Labour Correspondent

PLANS for a strike from Friday by more than 20,000 General Motors employees hung in the balance last night. The threatened action is over the company's proposals to invest part of a £214m pension fund surplus in its operating companies.

Union representatives at the Ellesmere Port plant of Vauxhall Motors, the General Motors subsidiary, said a mass meeting would be called today to reaffirm the ballot decision to strike over the issue. They said it seemed likely the plant would shut from 3.15pm on Friday.

Mr Nick Burden, an official of MSF, the general technical union, said a majority of workers at the other main GM plants, at Kirkby in Liverpool, Northampton, Milton Keynes, Belfast, Hendon, Dunstable and Southampton, had also voted for action.

However, union officials in the North West acknowledged that feeling was not running so high at GM plants in the south.

Manual workers at Vauxhall's car plant at Luton, and at the nearby van plant, which GM operates in partnership with the Japanese manufacturer Isuzu, are yet to ballot on the issue.

Union representatives at the plants are thought to be uneasy about taking action just as the unions have agreed a two-year wage deal after protracted negotiations.

In addition, three southern GM plants, which have voted for action, have decided to conduct second ballots to give workers a chance to vote on improvements the company has offered in negotiations since the original vote.

GM employees have already staged one-day strikes over the issue of the pension fund surplus, which has come to a head after two years of negotiations over how the extra funds should be distributed.

The company originally proposed that £160.5m of the surplus should fund improved benefits and a reduction in contributions from 6 per cent of annual salary to 4 per cent.

In negotiations over the past month it has also offered improvements for workers taking early retirement, which would reduce the £53.8m it wanted to invest, partly to offset past operating losses.

Falklands exercise 'no threat to anyone'

BY LYNTON McLAIN

THE GOVERNMENT and the Royal Air Force yesterday sought to reassure South America of the modest scale of the UK exercise to practise reinforcement of the Falkland Islands.

The exercise builds up this week with preparations for an airlift of troops and the deployment of Royal Air Force Phantom fighters and Nimrod aircraft, in the face of sharp criticism from Argentina and other South American countries.

The deployment to the Falklands will take place on March 17-18.

Air Chief Marshal Sir Peter Harding, the commander-in-chief of RAF strike command and UK air forces, was joined by Mr Robin Fearn, an assistant under-secretary of state at the Foreign Office, at Strike Command headquarters, High Wycombe, north of London, to explain the "very modest exercise" to an international press conference.

Journalists from Spanish and Portugese newspapers were invited by the Ministry of Defence as well as UK press and television and radio stations.

Air Chief Marshal Harding said the announcement of the Falkland Islands Reinforcement Exercise, Fire Focus, in the House of Commons on February 11, had created "enormous ructions around the world, but the exercise was no more than a practise of our procedures for rapid reinforcement".

Mr Fearn said Argentina "may still be seeking a debate in the United Nations Security Council on the exercise, although such an exercise threatens no-one."

Mr Fearn said the reinforcement exercise was "an integral part of our policy of reducing tension in the region." The Government had also offered to return war dead to Argentina, to permit visits by Argentina next of kin to the Falklands and had proposed, in co-operation with the US, a "low key" exchange of personnel with Argentina, Mr Fearn said.

The Government faced criticism at the press conference from several UK journalists who questioned why the Government needed to be so modest about its reinforcement exercise.

Air Chief Marshal Harding said: "Exercise Fire Focus is not meant to be whimpish or wet, or belligerent, but there needs to be a reasonable balance to achieve the aims we want.

"The exercise is just straightforward, it is not over-egged and is not over modest," he said. Fewer than 1,000 troops from the third battalion of the Light Infantry and fewer than a total of 10 Phantom fighter aircraft and Nimrod maritime reconnaissance aircraft will be involved.

The exercise had been planned for about a year, in line with the aims set out in the Government white paper (policy document) on the Falklands in 1982, "to practise the UK capability for rapid reinforcement of the Falkland Islands in case of emergency."

Sex equality reforms urged

BY JIMMY BURNS, LABOUR STAFF

BRITAIN'S sex equality laws should be replaced by a single statute to help further to eliminate discrimination and to bring UK more into line with that in the rest of the European Community, the Equal Opportunities Commission urged yesterday.

The commission, which advises the Home Secretary on the adequacy of legal provisions under the 13 year-old Sex Discrimination Act, also advocated a substantial strengthening of its own powers of enforcement. Its call is likely to fuel a contentious public debate.

In a report yesterday, it said a new Equal Treatment Act should:

● Give statutory backing to the right to equal pay for work for equal value;

● Give public bodies a duty to work towards eliminating sex discrimination and promoting equal opportunity between men and women.

● Reinforce employment protection for pregnant women and new mothers.

● Reduce legal constraints on the commission's investigating allegations of indirect or direct discrimination.

● Abolish employers' rights to make legal representations against the issue of a non-discrimination notice.

● Include provisions for a re-examination of the role of industrial tribunals in hearing cases of sex discrimination and equal pay cases. All tribunals involved in such duties should contain at least one woman member.

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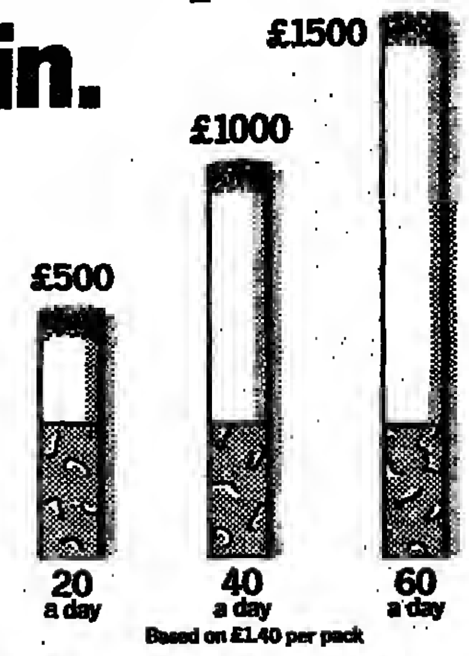

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VW clears way to control of its British importer

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

VOLKSWAGEN, the West German automotive group, has taken the first steps towards acquiring eventual control during the 1990s of VAG (United Kingdom), the UK importer of VW and Audi cars and light commercial vehicles. VAG (UK) is at present a 100 per cent-owned subsidiary of Lonrho, the UK conglomerate.

VAG (UK) is one of Lonrho's biggest subsidiaries. It increased its turnover by 16 per cent in the 12 months to the end of September 1987 to £824.1m from £709.4m, while pre-tax profits are understood to have risen to around £30m from £26.8m in 1986.

Lonrho has widespread interests in motor and equipment distribution, trading, manufacturing, leisure, wine and spirits, mineral extraction and refining, financial services and agriculture. VAG (UK) alone accounted in 1987 for almost 27.5 per cent of group turnover of £3bn, about 15 per cent of group pre-tax profits of £200m and more than 44 per cent of the group's UK turnover of £1.84bn.

After long negotiations Volkswagen and Lonrho have signed a six-year agreement extending Lonrho's contract as exclusive UK VW/Audi importer to the end of 1993 and replacing the previous two-year rolling agreement.

However, it is understood that, as part of this contract, the way has been opened for VW to take over eventual control of VAG (UK).

In its recently-published annual report Lonrho admits only obliquely that its relationship with VW over VAG (UK) has been changed.

It said that an agreement had been concluded to allow Volkswagen a greater interest in the distribution of its group products in the UK.

Mr Paul Spicer, a director of Lonrho, admitted that VW would take a "greater interest in pricing and a number of things," and that there would be "some representation for them on the board."

As a first step it is understood that Volkswagen will gain three seats on the VAG (UK) board. The existing 11-man board, chaired by Mr Tiny Rowland, Lonrho managing director and chief executive, will be joined by Mr Hans-Jorg Hungerland, Volkswagen export manager, Mr Kristian Ehinger, Volkswagen legal counsel responsible for subsidiaries and Mr Paul Weber, Volkswagen director for subsidiaries and affiliates and corporate planning.

VAG (UK) became part of Lonrho in 1975, when it was taken over from Thomas Tilling. The UK is one of the Volkswagen group's most important European volume markets, after the Federal Republic itself, Italy, Spain and France, where the West German concern already owns its importers.

It also owns importing companies in other major foreign markets such as the US and Canada, Brazil and Argentina and South Africa.

In the UK last year VW/Audi held a market share of 5.37 per cent with new car sales of 108,123. Including commercial vehicles it had total sales of 117,299 units compared with VW/Audi sales of 904,000 vehicles in West Germany, 171,500 in Italy, 145,000 in France and 59,000 in Spain (183,000 including Seat).

VW/Audi's volume sales and market share declined in the UK last year, partly because of delivery problems with the new Audi 80/90 models as well as pricing problems with the small Polo model. Sales are forecast to rise to around 112,000 in 1988, helped by the launch of the new VW Passat in the spring.

VAG (UK) said it was aiming at sales of about 6,000 Passats in the second half of 1988 and 11,000 in the first full year of 1989.

Volkswagen said *yesterday* that the group had no specific strategy for owning its importers in all major markets, but it is known that it has been anxious for a long time to have a closer relationship with its UK importer and distributor.

Legislation allowing sale of trust ports likely

By Kevin Brown, Transport Correspondent

THE GOVERNMENT is expected to respond today to pressure from port operators for the privatisation of the UK's 39 trust ports. These are administered by statutory authorities under individual acts of Parliament.

Mr Paul Channon, the Transport Secretary, will tell the British Ports Federation at its annual lunch that the Government is considering ways of allowing the trust ports to tap private capital.

However, he is not expected to announce early legislation because of the complexity of issues involved.

These include the future of the Dock Labour Scheme, which reserves work at some ports for registered dock workers.

The federation, formerly the British Ports Association, has urged the Government to table an enabling bill allowing trust ports that favour privatisation to go ahead.

The federation says the trust ports cannot compete equally with the private ports which are owned by Sealink, Peninsular and Oriental Steam Navigation and Associated British Ports (ABP).

Several of the larger ports are operated by trust authorities, including the Port of London, Dover, Medway, Ipswich, Clyde, and Tees and Hartlepool.

The federation is also understood to have urged the Government to investigate the possibility of privatising the 30 ports owned by local authorities.

It says this could be done relatively simply through legislation along the lines of the bill which provided for the local authority airports to be set up under the Companies Acts.

This group of ports also includes several large undertakings, such as Portsmouth, Ramsgate and Bristol, which the local authority recently attempted to sell to ABP.

Mr Jonathan Sloggett, chief executive of Dover Harbour Board, said he expected to decide within the next 12 months whether or not to seek a stock market flotation.

Mr Sloggett said the board would consider sponsoring a private bill to clear the way for a flotation in the absence of general enabling legislation.

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FINANCIAL TIMES
Europe's Business Newspaper

Competition takes its toll on UK's largest building society

BY RICHARD WATERS

HALIFAX, the UK's largest building society, saw profits decline last year, reflecting extreme competition in the market for new mortgages and pressure on societies as they expand into new areas of business.

Building societies are savings and lending institutions, and the main sources of house purchase financing in Britain. However, they have come under increasing pressure recently from banks and other lenders moving into the mortgage business.

This was underlined by a decline in the society's reserve/asset ratio, which indicates the capital supporting its loans, from 3.9 to 3.77 per cent.

Pressure on capital is one of the key concerns that could force societies to turn themselves into public companies, giving them access to new sources of equity. Halifax has appointed merchant bankers Rothschilds to advise it on whether it should follow this route, but says that it has yet to take a decision.

In the short term, the society said it planned an issue of subordinated debt of £150m-£200m to strengthen its balance sheet.

The Halifax yesterday reported that pre-tax profit for 1987 increased by 13 per cent to £250m. However, total assets during the year grew 15 per cent to £33bn, reflecting an overall decline in profitability.

The chairman, Mr Richard Hornby, said that the past year had been "a period of substantial investment for the future." He declined to reveal how much had been spent entering new markets.

The decline in the Halifax's capital ratio followed its writing off of £100m of goodwill associated with the acquisition of nine estate agency chains.

Like other societies, the Halifax's only source of capital in the past has been its retained earnings. From January this year societies have also been allowed to count subordinated debt as capital, though they are allowed to raise only up to half of their other capital in this form.

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Company Notices

ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
Company Registration No. 63/05282/06

5.625 PER CENT CUMULATIVE FIRST PREFERENCE SHARES OF R2 EACH

NOTICE IS HEREBY GIVEN that dividend No.13 in respect of the abovementioned preference shares for the half-year ending March 31, 1988 has been declared payable to the holders, registered in the books of the corporation at the close of business on Friday, March 25, 1988.

Dividend cents per share	Closure of registers (both days inclusive)	Posting date of warrants	Payment date
5.625	26.3.88 to 2.4.88	25.4.88	1.5.88

The effective rate of non-resident shareholders' tax is 15 per cent.

The full conditions relating to this dividend can be inspected at the Johannesburg and London offices of the corporation and its transfer secretaries.

Registered shareholders paid by the United Kingdom transfer secretaries will receive their dividend in United Kingdom currency converted at the rate applicable on Monday, March 28, 1988 (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency provided that the request is received at the offices of the corporation's United Kingdom transfer secretaries on or before Friday, March 25, 1988.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: D. J. Alison
Divisional Secretary

Registered Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587)
Marshalltown 2107
South Africa

Transfer Secretaries:
Hill Samuel Registrars Ltd
6 Greencoat Place
London SW1P 1PL

London Office:
40 Holborn Viaduct
London EC1P 1AJ

March 9, 1988

aac

NOTICE TO HOLDERS OF DAISHINPAN CO., LTD

(The "Company") Warrants To Subscribe For Shares Of Common Stock Of The Company, Issued In Conjunction With The Issue of U.S. Dollars 70,000,000 3¼ pct Guaranteed Bonds Due 1993

Pursuant to clauses 4(a) and (b) of the Instrument dated 30th September, 1987, executed by the company (the "Instrument"), under which the above captioned warrants were issued, notice is hereby given as follows:

1. On 21st August, 1987, the Board of Directors of the Company resolved to make a free distribution of shares of its common stock to the shareholders of record as of 31st March, 1988 (Japan time), at the rate of 0.07 new shares for each share held.
2. As a result of such free distribution, the subscription price (as defined in the Instrument) of the above captioned warrants will be adjusted from Yen 1,062.0 per share to Yen 992.5 per share, effective as from 1st April, 1988 (Japan time).

Daishinpan Co., Ltd
39-1, Minami Kyuhoji-Machi
4-Chome, Higashi-Ku,
Osaka, Japan

Dated: 7th March, 1988

By The Long-Term Credit Bank of Japan Limited, London Branch
As Principal Paying Agent

NOTICE TO HOLDERS OF WARRANTS DAINIPPON INK AND CHEMICALS, INCORPORATED

US$ 200,000,000

3½ Per Cent Guaranteed Notes due 1992 With Warrants

Pursuant to Clauses 3 and 4 of the Instrument dated 28th August, 1986, the following notice shall be given.

At the meeting of the Board of Directors of Dainippon Ink and Chemicals, Incorporated (the "Company") held on 29th February, 1988, a resolution was adopted for the issue of new shares by way of free distribution, the particulars of which are given below.

Consequently, the subscription price of the captioned Warrants (the "Warrants") shall be adjusted, as specifically provided in paragraph 3 below.

1) The free distribution of new shares will be made to shareholders of record as of 31st March, 1988, Tokyo time, at a ratio of 0.05 shares for each one share held.
2) The free distribution shall be made on 18th May, 1988, but the dividends for these new shares will accrue as from 1st April, 1988, Tokyo time.
3) Pursuant to Condition 3(I) of the Instrument, the Subscription Price will be adjusted from Yen 503.00 to Yen 474.50 per share of the Common Stock of the Company effective as from 1st April, 1988, inclusive.

By: The Mitsubishi Bank, Limited as Principal Paying Agent on behalf of Dainippon Ink and Chemicals, Incorporated

Dated: 9th March, 1988

DAINIPPON INK AND CHEMICALS, INCORPORATED

U.S. $40,000,000

6 per cent. Convertible Bonds due 1999

To the Bondholders:

We, Dainippon Ink and Chemicals, Incorporated, hereby notify you that, as a result of a free distribution of shares of its Common Stock to shareholders of record as of 31st March, 1988, Japan time, at the rate of 0.05 share for each share held, the Conversion Price of the above-captioned Bonds will be adjusted pursuant to Condition 5 (C) (I) of the Terms and Conditions of the Bonds from Yen 285.60 to Yen 283.40 per Share, effective as from 1st April, 1988, Japan time.

Dainippon Ink and Chemicals, Incorporated

Dated: 9th March, 1988 Tokyo, Japan

ROYAL TRUSTCO LIMITED

US$150,000,000 Floating Rate Subordinated Capital Debentures Due 2005

Notice is hereby given that the Rate of Interest for the six month period 9th March, 1988 to 9th September, 1988 has been fixed at 7.15 per cent. The amount payable per US$10,000 Note on 9 September, 1988 will be US$365.44 against Coupon No.4. The amount payable per US$100,000 Note will be US$3,654.44 against Coupon No. 4.

BANK OF MONTREAL
As Agent.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN YAMAICHI SECURITIES CO., LTD

We are pleased to confirm that copies of the Annual Report for the year ended September 30, 1987 of Yamaichi Securities Co., Ltd. are now available to EDR holders upon application at the offices of the Depositary Citibank, N.A. 336 Strand, London WC2R 1HB, and the Agent, Citicorp Investment Bank (Luxembourg) S.A. 16 Avenue Marie-Thérèse, Luxembourg

CITIBANK N.A., LONDON, Depositary.

March 9, 1988

KAWASAKI STEEL CORP.

Japanese Yen 10,000,000,000 Reverse Floating Rate/Fixed Rate Notes due 1996

In accordance with the terms and conditions of the Notes, we hereby give notice that the Yen Libor for the period from 9th March 1988 to 9th September 1988 was fixed at $4\frac{5}{16}$%, giving the Interest Rate Factor of 10.932/360. On 9th September 1988 interest of Yen 30,366 will be due per Yen 1,000,000.

The Taiyo Kobe Bank Limited
London Branch
Agent Bank

Dated: 9th March 1988

Legal Notice

ROTAPRINT plc

Registered number:- 209572

Nature of business:- Stationers, Printers, Lithographers.
Trade classification:- 10
Date of appointment of joint administrative receivers:- 26.2.1988.
Name of person appointing the joint administrative receivers:- Midland Bank plc
Michael Anthony Jordan and Christopher John Hughes, Joint Administrative Receivers,
Office holders Nos: 109 and 141

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Contracts & Tenders

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EXPANSION OF THE ELECTRICAL POWER DISTRIBUITION NETWORK

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GENERAL PROCUREMENT NOTICE
LOAN NUMBER 2565-BR

Eletropaulo – ELETRICIDADE DE SÃO PAULO S/A is a beneficiary under a loan obtained from the World Bank, through Centrais Elétricas Brasileiras S/A ELETROBRÁS, to cover part of the electrical distribution expansion programme planned for 1987/1991.

During the next 12 months Eletropaulo will issue invitations for international bidding for the supply of equipment and material grouped as follows:-

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02	Insulated Cable
03	Multiplex Power Cables
04	Disconnecting Switches, Fuse Cutouts and Seccionalizers 15KV
05	Insulators
06	Metalclad Switchgears 15KV
07	Steel Structures for Transmission Towers
08	Underground Network Protectors
09	Treated Wooden Poles
10	Laboratory and Test Equipment
11	Hot Line Maintenance Equipment
12	Static Capacitors

Suppliers and manufactures who wish to be included in a mailing list to receive invitations to bid on the items described above are requested to write to Eletropaulo, stating the items in which they are interested.

Eletropaulo - ELETRICIDADE DE SÃO PAULO S/A
IBRD Loan Number 2565-BR
Att.: Superintendency-Foreign Supply
Avenida Brigadeiro Luis Antonio, 1613 - 1st Floor

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Company Announcements

EMBASSY OF PANAMA
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OFFICIAL ANNOUNCEMENT

We inform all business and banking persons that the office of Commercial, Maritime and Consular Affairs at 24 Tudor Street, London EC4Y OAY, is temporarily closed until further notice.

Mr Arango, former Consul General has been dismissed by the Panamanian Government from the date of 26th February 1988.

Any business or official documents signed by Mr Arango are not valid. Until the arrival of the official accountants of the Panamanian Government, for all inquiries please contact the Embassy of the Republic of Panama. The new address of the Embassy is 119 Crawford Street, London W1H 2AF. Telephone No. 01-487-5633.

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FIATGEOTECH
EARTH TECHNOLOGY

Making a merger work

New product strategy – the next key test

Coats Patons merged with Vantona Viyella two years ago to form Europe's largest textiles group. Alice Rawsthorn assesses progress

WHEN COATS PATONS and Vantona Viyella joined forces two years ago to create Coats Viyella, the biggest textile group in Europe, the raison d'être for the union was clear.

Coats owned a vast network of companies all over the world, but had little to sell except sewing thread and knitting yarn, while Vantona sold everything from shirts to sheets, but only in one country, Britain.

If Vantona Viyella's products could be sold through the Coats Patons network, the new group should – or so David Alliance, its chief executive, hoped – become one of the most powerful forces in international textiles.

But before this grand design could be turned from theory to practice, the two companies had to be integrated into one. There were two obvious obstacles to this: devising a management structure to control so vast a business and creating a common identity that would draw together two companies with completely different cultures.

The Coats Viyella of today embraces 250 subsidiaries and employs 100,000 people with interests in every area of the international textile industry. It manufactures in more than 30 countries and sells to over 100.

In terms of culture Coats Patons was characterised by a proud history dating back to the early 1800s and the complex management structure it had created to control its international thread empire. Vantona Viyella, by contrast, was the entrepreneurial product of a speedy series of acquisitions in the 1970s and 1980s.

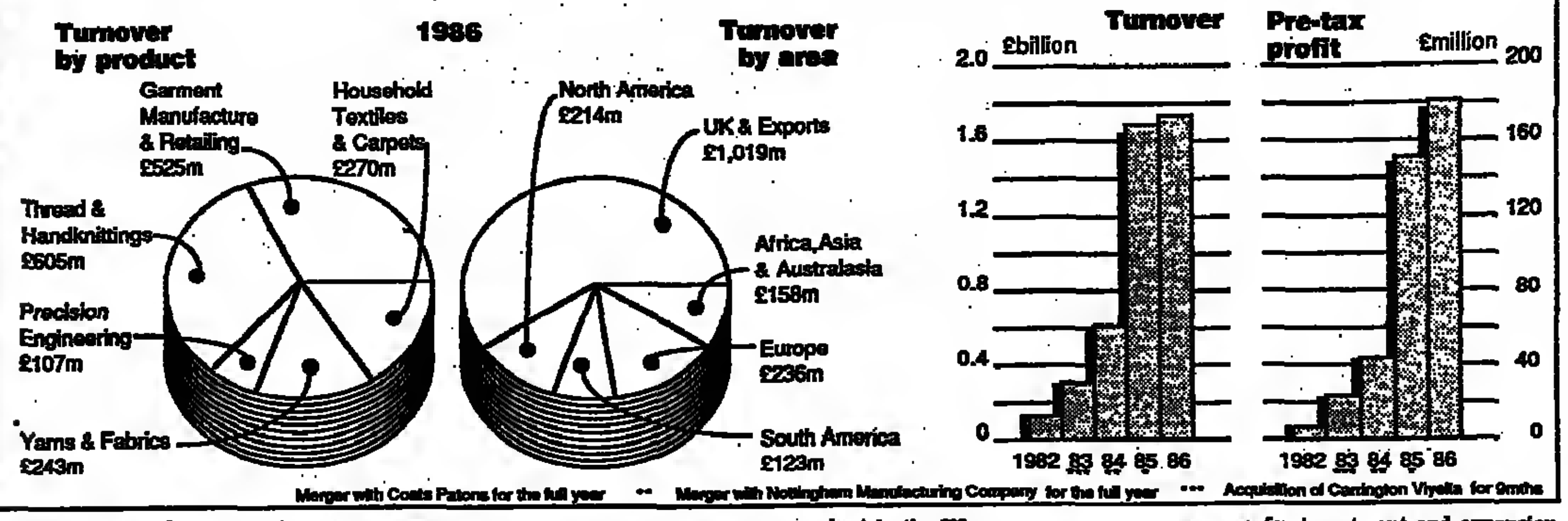
Though it is notoriously difficult to meld organisations with different cultures, Alliance and his team had some distinct advantages in tackling this task.

First, there was a feeling of frustration at almost all levels of management of Coats Patons. This was partly due to its top-heavy management structure, and partly to its low rating on the stock market, which inhibited expansion.

Second, in contrast to so many "mega-mergers" of the day, the creation of Coats Viyella was comparatively bloodless. The Coats Patons board had completed the painful process of cutting back both its European businesses long before the merger. Moreover, as Coats and Vantona had very few common areas of activity, there was little surplus capacity to be shed.

There has been some rationalisation (see box) since the merger. But, by and large, the formation of the new group has been free from the all too familiar round of cuts and closures which so often accompany mergers and which can be so damaging to management morale.

David Alliance



* Merger with Coats Patons for the full year ** Merger with Nottingham Manufacturing Company for the full year *** Acquisition of Carrington Viyella for 9mths

THE STORY OF Coats Viyella begins in the Manchester of the early 1950s when David Alliance arrived, at the age of 18, as a proverbially penniless immigrant from his native Iran.

Alliance stayed in Manchester, borrowed £5,000 from a money lender, and set about buying and rebuilding troubled companies in the Lancashire cotton industry.

In 1974, when he had already established substantial interests in the industry, Alliance bought Spirella, a troubled corset company. He then built up the business with a stream of acquisitions.

By early 1986 Vantona Viyella was regarded as the star of the textile sector. Coats Patons, by contrast, was seen as sleepy, sluggish and scarred by internal dissent.

In January 1986 the Coats board agreed to a merger with Dawson International, the successful Scottish textiles group. The merger made sense. Dawson was regarded as one of the best managed groups in the industry with an impressive record for exports. But within a fortnight its offer was topped by Vantona Viyella.

Vantona won the day. Coats Viyella now embraces industrial and consumer thread, hand-knitting yarns, clothing manufacturing and retailing, industrial spinning and weaving, precision engineering, household textiles and carpets.

Since the merger the main area of reorganisation has been in the US, where the old Coats & Clarks business has been divided into four profit centres: industrial thread, consumer thread, craft products and hand-knitting yarns.

Within the thread division there has been some slight rationalisation in Europe, following the concentration of production into specialised units.

The hand-knitting business has been one of the most difficult areas of activity because of an unexpectedly severe slump in the market throughout the world. Coats Viyella has responded by withdrawing some lines and closing one plant in the US.

In the clothing field the group has continued its investment in new technology within the old Vantona companies to improve competitiveness. The Jaeger business has, however, been restructured by being broken up into smaller profit centres. It is now concentrating on expanding its retail interests (see Management Page, January 18).

Within the old Coats spinning interests, the new group has again upgraded production plants and has integrated two companies.

By contrast the precision engineering business, which had been a small but successful part of the old Coats, is an area for investment and expansion – as is household textiles, once the first candidate for international expansion.

Carpets is possibly the most problematic area of activity. Coats Viyella has already rationalised four production units into two and is now integrating the administration and warehousing.

Last year it bought Youghal, a troubled Irish carpets concern, and is currently reorganising that business.

Yet carpets, the problem area, is not the product of the merger with Coats Patons, but of the earlier union between Vantona and Nottingham Manufacturing.

Third, the new group had the undeniable advantage of being able to present itself to its employees as the biggest textile company in Europe.

"Together we went straight to the top of the first division in Europe," says James McAdam, chief executive of the old Coats and deputy chairman and deputy chief executive of the new group. "It was a tremendous boost to management confidence."

The new management team set about communicating the direction of the new company to its employees. The old Coats Patons board was dissolved within six weeks of the merger and a new management structure created, so that, from the earliest possible stage, all changes and decisions were seen to come from the new Coats Viyella.

Similarly new systems of pay and employment conditions were developed under the aegis of David Miller, the old Coats personnel director who retained the same post in the new group. Share options were made available to all senior managers, a bonus system – based on the old Vantona model – introduced throughout the group and a pension scheme introduced for all employees.

"It was important that we spoke to our employees as one group, Coats Viyella, from the very beginning," says McAdam. "And equally important that we translated this new approach into our personnel policy."

From the start the senior directors have made an attempt to make personal contact with every part of Coats Viyella. Between them Alliance, McAdam and Sir James Spooner, the non-executive chairman, have visited almost every subsidiary.

On his visits, Alliance insists on visiting the toilets at each plant: there is a 20 minute "warning" to clear the ladies. Only a few weeks ago he ordered that a canteen should be closed when he spotted peeling paint on the ceiling. "Why should I expect our employees to eat in a place where I would not want to eat myself?"

Management conferences have also been introduced to bring together the senior people from Coats subsidiaries all over the world. These conferences serve the additional purpose of encouraging companies in different countries to work together and to pool ideas in areas such as marketing and technical development. The policy of creating specialised production units within Europe for the thread division (see box) has also helped this process.

Perhaps the most important challenge was to create a new management structure capable of managing so huge a group as Coats Viyella. The old Coats' philosophy had been to create layer after layer of middle managers.

Alliance has always favoured a different approach. His aim was to ensure that the new structure gave managers "the authority they need to get on with their jobs and run their businesses. In a company as big as this, hands-on management is the only way."

Coats Viyella has thus adopted a three-tier structure. Each of the 250 subsidiaries is run by a managing director who reports directly to the head of the relevant division. The divisional head, in turn, sits on the main board.

"Every company is now a profit centre in its own right and its future is in the management's hands," says Alliance. "We do not employ people to tell them what to do. We encourage them to tell us what they intend to do with their businesses."

Some of the former Coats subsidiaries have been broken up into smaller units to make them more easily manageable. Jaeger, for example, is now divided into two retailing businesses – for men's and women's wear – and manufacturing. Similarly, Coats & Clark, the US subsidiary, has been broken up into four profit centres.

Ideally Alliance likes production plants to have no more than 300 employees. Since the merger he has had to "compromise" at a maximum of 500. "When a business grows beyond a certain size," he says, "it becomes more difficult for the managers to know what is going on."

The central management team monitors the development of each subsidiary through weekly sales reports and monthly profit figures. The new bonus system ensures that senior managers are given a stake in the progress of their companies by relating part of the bonus to annual targets.

The targets for each company are worked out by the managing directors, then checked by Alliance or McAdam. This system is used as a means of encouraging the managers to concentrate on future expansion plans.

On the whole, employees have been receptive to the new structure. As a result remarkably few managers have left since the merger.

In a sense Alliance had an advantage in that, because the senior team at Vantona had been so lean, he genuinely needed the involvement of the Coats Patons executives. Without their help he simply would not have had enough managers to run so large an enterprise. Just as there was little surplus capacity to be shed, so there were few superfluous executives.

Thus from an early stage it was evident that, far from being marginalised, many of the Coats people were playing important roles in the development of the new group. "This has been one of those rare cases of a true merger rather than a takeover in disguise," says McAdam.

Two years on from the merger the restructuring and reorganisation has come to a halt. "The first phase of the merger has been completed," says Rosemary Banyard, textiles analyst at the James Capel stockbroking house. "But motivating management and breathing new life into a company is relatively easy. The second phase – introducing new products to the international network – will be much more difficult."

This second phase has barely begun. Alliance is as enthusiastic as ever about the opportunity of introducing Vantona Viyella's products to the Coats Patons network.

The group is already using its network to source goods overseas, though the volumes involved are still comparatively small. It is, however, using its overseas subsidiaries to gather information about the textile companies in their markets. This information will be collated into a database to help with sourcing in the future.

But the process of introducing Coats Viyella brand names to new international markets will be rather slower – as the experience of introducing the Dorma home furnishings collection to France illustrates.

Dorma was first introduced to France 16 years ago, but last year its expansion was accelerated by the formation of a subsidiary to co-ordinate marketing, design and distribution in the French market. The progress of the venture has been slow, however, and Dorma's market share is still comparatively small.

In France, Dorma's progress has been impeded by the need to create different designs for the market – consumer preferences for textiles tend to differ from country to country – and by the fact that it takes time and money to build up market share. The same problems will apply to other products in other markets. Nevertheless, Alliance is optimistic.

France, he says, is the most difficult European market to penetrate. Others will be easier. The full fruits of the group's international opportunities will, he predicts, become apparent over the next few years.

"David Alliance always said that we would have to wait until 1988 before his international plans would take effect," says David Buck, textiles analyst with the Barclays de Zoete Wedd securities group.

"All in all the first phase of merging Coats Patons with Vantona Viyella must be judged to be a success. As for the international masterplan: the jury is still out."

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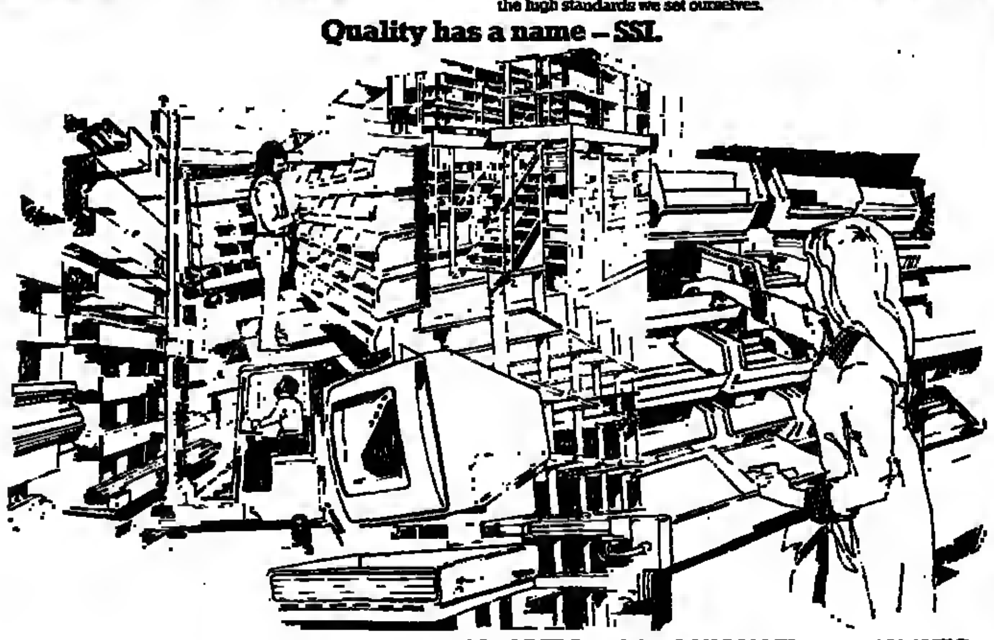

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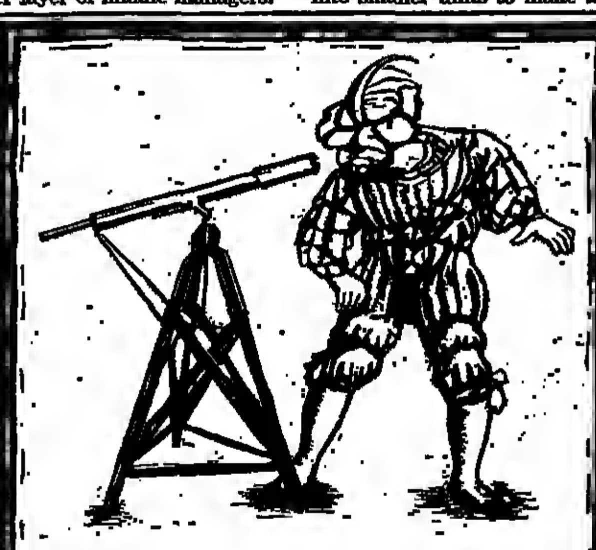

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8th March, 1988

FINANCIAL TIMES SURVEY

Giving workers a stake in their companies and thus changing the nature of capitalism are long-term processes, with setbacks inevitable along the way (a UK Budget tax break might help). But, even so, employee ownership has made some progress, says **Charles Leadbeater**, Labour Correspondent

A share of the action

BARBARA LOFTUS

Employee Ownership

CONTENTS

EMPLOYEE SHARE ownership poses two great challenges to the way that companies, and the economy, operate.

The first is a challenge to the traditional definition of a job. One of the basic drives behind employee share ownership is the idea that there must be a better way to link people to the economy than through a job and a wage. The relatively narrow parameters of worker involvement in the economy, set by the wage system, are challenged by the idea that part of a worker's income should be a direct return on capital.

Even limited forms of employee ownership, such as profit sharing, share savings schemes and personal equity plans, challenge the idea that a wage is a defining characteristic of a job. Employee share ownership is based on a more open recognition that people do not appear in the economy merely as "workers" but as savers, investors and consumers as well. The trend towards employee share ownership is part of a broader approach to how people can lead their economic lives.

But this blurring at the edges of the idea of employment is compatible with a fairly traditional idea of capital ownership.

Capital will still hire labour, it will still have broadly the same interests, and broadly operate through the same managerial structures — it is just that workers will have a share of the action.

The second challenge, to the *idea* of capital ownership, the forms it takes and the powers it brings, is much less developed. But potentially it has more far-reaching consequences, for it could lead to a much more thoroughgoing change in the way that companies are run, and the relationship between workers and capital.

Employee share ownership has developed in slightly contradictory ways in the last couple of years. The proliferation of schemes to provide workers with some income from, and some control over, capital suggests there is enough diversity for companies to be able to tailor schemes to their particular needs. While this diversity of schemes may indicate a lack of coherence — there is a tremendous difference between a generous executive share option scheme and an employee-owned co-operative — it also suggests employee share ownership is likely to expand over a broad front.

While this indicates that employee share ownership may be winning a secure bridgehead, there has also been a growing recognition that it is not a panacea. Introducing employee share ownership may make life easier on some fronts, improving employee involvement and commitment. But it may merely put some problems — such as pay bargaining — on a different footing. Profit-sharing at Jaguar, for instance, tends to complicate collective bargaining rather than simplify it.

And there is a recognition that full employee ownership brings problems of its own. Two, in particular, stand out.

First, if the employees of a company own the stock, it could radically alter the logic of hiring and firing. Union critics of employee share ownership argue that while shareholders may at times have an interest in making workers redundant, workers would rarely see a logic in redundancies for the sake of profit. To ask workers to become shareholders will thus either be a sham or lead to hopeless confusion.

On the other hand, employee-owned companies may have an in-built tendency not to want to recruit more workers, as this would expand the number of people wanting a share of the profits. Employee share ownership may be good for the current workforce but not as beneficial as traditional forms of ownership for potential workers.

This kind of problem seems to have had little effect on the most significant employee-owned companies. This is partly because employee-owned companies tend to introduce non-financial forms of participation and at the end of the day management retains important prerogatives.

However a second problem has very clearly confronted employee-owned firms: organising a market in the shares and introducing new capital.

If employee ownership improves productivity, performance and profitability, it will, as a result, raise the value of the shares and create pressure for expansion. Indeed, this is one incentive for employees to become shareholders: to see the value of their assets rise.

But this, in turn, creates dangers for the employee-owned character of companies — apparently the foundation for their success.

Workers in companies which began as employee-owned may well have got their shares as a reasonable price, if not for free. After several years of growth the shares will have risen in value.

Workers leaving the company will expect to be able to redeem their shareholdings: this means the company could face soaring liabilities for the repurchase of shares from departing employees. Where does it get the money from?

Workers entering the company may well not be able to afford to buy the higher value shares from their departing colleagues.

One solution would be to hire the recruits as ordinary wage workers; but this would create a division within the workforce.

Another would be to create an external market for the shares, by bringing in non-worker outsiders, willing to invest in the company by buying the shares of departing workers.

However, it could damage the employee-owned character of the company if an increasing proportion of capital was bought by outsiders.

Employee-owned companies seeking to expand face similar dilemmas. To raise investment for expansion or modernisation may require going to outside investors.

This is the challenge faced by successful employee-owned companies such as the National Freight Consortium in the UK and Weirton Steel in the US. It may well be that they will want to develop "grey" forms of capital ownership, with ontsiders granted more limited rights than the worker shareholders, to manage expansion hnt simultaneously secure the benefits of employee ownership. Negotiations between these companies and outside investors should give an indication of how malleable the traditional ideas of capital ownership may be.

The benefits of employee ownership, for motivation, productivity and performance, suggest a steady of flow of companies will be drawn to it, and that it may have a permanent place within the economy. The difficulties suggest that for a proportion of these companies, however, fuli employee ownership may be a transitional, almost self-liquidating, form of organisation.

Despite these difficulties there are several factors which suggest employee ownership is likely to continue to grow, albeit gradually.

There is a growing interest in the role that wider capital ownership could play in redistributive social policies, in large part because it seems to offer a way to redistribute resources withont necessarily endangering efficiency. Whether or not this hope is borne out, it seems likely that with the expansion of home ownership and pensions, the next target for people's savings could be more direct forms of investment. The stock market crash may have temporarily dampened enthusiasm for direct individual investment, but in the longer run it is likely to reassert itself.

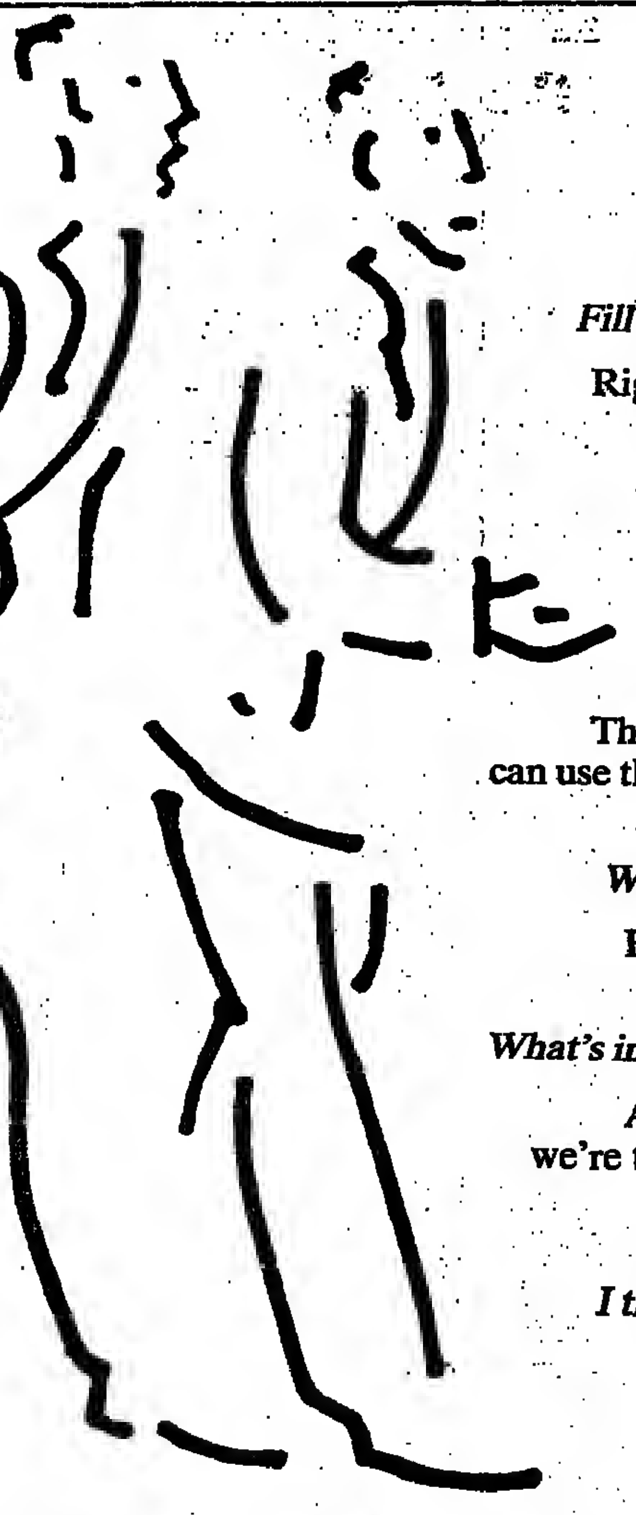
Institutions previously sceptical are showing greater interest. Several unions — and the TUC — seem to be taking a more open attitude towards employee share ownership. In part, this is a recognition that the popularity of the idea with their members is not an artifice of tha Thatcher Governmeot. The challenge for the unions, as for the Labour Party, is to find a way to articulate this interest in wider capital ownership in a way which contrasts with the Government's approach.

In the main, the momeotum behind the growth in employee share ownership will come from companies as they seek new ways to involve and motivate their employees, not just to raise quantitative productivity but to improve the quality of output.

But the evidence of the United States suggests that any dramatic growth in employee share ownership, particnlarly in employee ownership plans, will depend on whether they are granted some form of tax concession. Whether or not this might happen depends in turn on the resolution of a continuing tension within the Conservative Party over the kind of share ownership it wishes to encourage.

The privatisation programme has been aimed at encouraging wider *individual* share ownership. The main justification for this form of wider share ownership is that people should learn the disciplines of investment decisions, and this in turn will breed a deeper understanding of how the economy operates. For the individualists, employee share ownership plans look like a disguised corporatism.

Tory supporters of Esops argue that production is generally a *collective*, rather than an individual, activity. While a free-market philosophy may suggest individualism should guide the drive towards wider capital ownership, the reality of people working together in offices and factories suggests that a capitalist collectivism may be a more successful strategy for companies.



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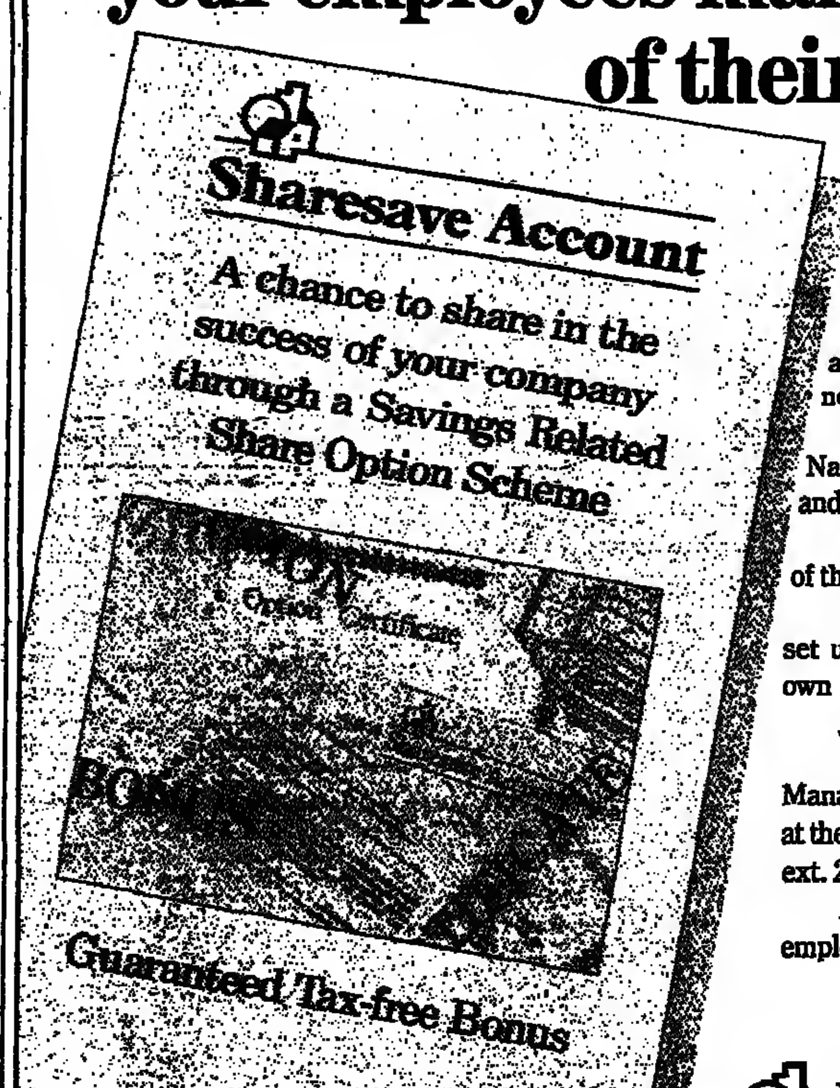

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National Freight's experiment reaches the end of the road

Esop fable for our time

THE ENTHUSIASM of the 3,000 worker shareholders of the National Freight Consortium packed into the Opera House in Blackpool last month symbolises the prevailing image of employee share ownership: an idea that promotes the greatest happiness – and wealth – of the greatest number.

Among the companies that have made the experiment, there are few doubts. They argue that wider share ownership offers advantages ranging from the tapping of a useful source of investment capital to stable shareholder support for management, improvements in employee commitment, and the lessening of the chances of industrial action.

Yet the example of the National Freight Consortium bears a closer look. A company that had made its name as an outstanding example of the potential benefits of employee share ownership was proposing to its staff that they agree to a flotation because it believed the grand experiment had reached its limit.

At that meeting, Sir Peter Thompson, NFC chairman, argued that the company's complicated internal market faced the possibility of the supply of workers' shares eventually outstripping demand – with the consequence that a group of institutions would have the right in buy unwanted shares.

Clearly, the notion that employee share ownership is always the best guarantee of stable shareholder commitment has its flaws. Are there similar limits to the other advantages conventionally cited in favour of such schemes? Do all their benefits have to be balanced against disadvantages?

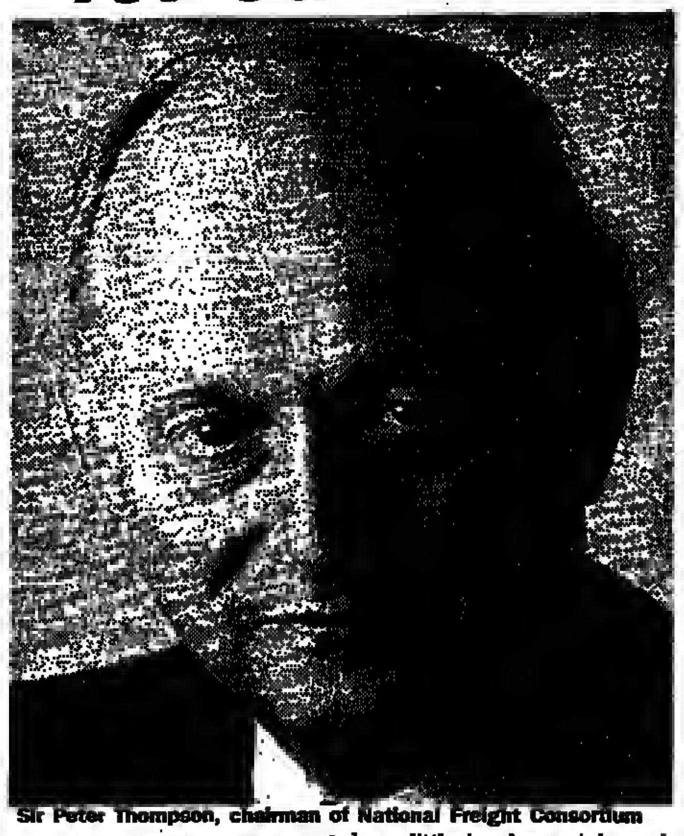
The advantages are generally said to fall into two categories, employee relations and financial. Starting with employee relations, the first argument usually advanced is that they improve staff commitment to the company, and lead to a higher quality of work from staff because they can see direct benefits from the company being successful.

Thus Mr David Erdal, chairman of Tullis Russell, refers to a "dramatic" difference in the quality of work at the company since it has introduced wider share ownership. That view is supported by the worker trustees of the trust that holds employees' shares at Tullis Russell.

The problem is that such a change is almost impossible to quantify financially. Sir Peter cites the commitment of worker shareholders as a major reason for NFC's exceptionally strong growth since 1979, but such a belief inevitably remains an article of faith rather than a proven fact.

A second advantage often cited – although more guardedly – is that the negotiating climate can be changed for the better and the chance of disruptive industrial action diminished. Along with this, some companies point with satisfaction to the limits that may be placed on the influence of trade unions.

Two reasons are given: that workers feel they have a stake in the financial well-being of the company and are less willing to risk its profitability, and that mistrust is lessened by the fact that the company – in the case of share-outs – may be seen as generous and willing to offer its workers some measure of control.



Sir Peter Thompson, chairman of National Freight Consortium

Thus industrial pressures of the sort seen to have built up at Ford Motor Company because of belief among some workers that they deserved a greater share of increases in labour productivity and profitability are said to be limited in companies where part of such benefits is automatically passed on.

A third point is that stability among the workforce itself can be offered by the possibility of a stake in the company. This advantage is commonly a motivation behind mangement share option schemes, but in sectors with shortages of skilled labour, it can equally apply to schemes involving wider share-outs of equity.

Fourth, some argue that employee share ownership can lead to greater pay flexibility if part of a worker's income comes directly from profits which fluctuate with the employer's fortunes.

Each of these advantages can be seen to suffer from the difficulty of heing precisely calculated. A breakdown in industrial relations leading to a strike, or a high rate of labour turnover, tends to be more visible – and the effects more clearly calculable – than the absence of either.

Though the notion that employee relations are improved *by share ownership is plausible,* one or two pitfalls lie in store for any company that chooses to distribute shares in an attempt simply to gain employee loyalty and a peaceful life.

The first is that resources may be allocated without any clear gain in collective bargaining; trade union negotiators generally have little involvement in such schemes, and therefore have small reason to welcome them, or offset their benefits against claims.

Mr Brian Wilson, NFC personnel director, says the company's share structure has had "very little" effect on collective bargaining and has even been counterproductive at times because union negotiators have been unwilling to take into account gains in employee wealth over which they have no influence.

Secondly, there is the possibility of the very success of employee share ownership creating potential divisions within a company's workforce. Those at NFC who originally staked an average of £700 in 1979 have made capital gains that new recruits in the company cannot hope to match.

The benefits and drawbacks of employee share ownership for company finance tend to be more clear-cut. One of the strongest arguments for such schemes is that, in a crisis, companies may be able to find investors among their own employees when the choice is between that and trying to find another job.

Weirton Steel in the US is an example of a company that would not have survived without an employee share ownership plan.

NFC in the UK is an example of one that would probably not have been privatised but for the availability of funding for a buy-out from employees.

A second argument is that they offer the attraction of a stable and committed band of shareholders. A distribution of equity through a profit-sharing scheme was deliberately chosen at Tullis Russell as a stable means of providing the liquidity in buy out family stakes in a private company.

There is a related point: employee shareholders who gain directly from business growth may be willing to support longer-term investment which limits the prospect of short-term profits. This advantage over conventional profit-sharing schemes may be significant in some sectors.

Finally, although this has not been fully tested, the loyalty of employee shareholders to their company may act as a buffer against predatory takeovers. Many managements caught in such battles might be grateful for a band of shareholders more interested in tha company's future than its share price.

Yet the example of NFC shows that large-scale employee shareholdings – particularly those held individually and not in a trust – can create financial insecurities and constraints. About £18m in equity changed hands in internal dealings at NFC last year, and the company was worried by the problems such selling might eventually create.

The fear of volatility and a lack of commitment to long-term holding of stakes are often mentioned at companies which have recently brought in employee share schemes. The five-year period for individual tax exemption within an approved scheme is regarded as an unknown frontier.

It is for this reason that Tullis Russell may seek a US-style employee share ownership plan for any further distribution of ordinary shares – the example of NFC and the potential problems that large individual shareholdings can create is regarded as a cautionary tale.

NFC highlights a further point: a company seeking access to capital to expand may have to bite the bullet of taking control out of the hands of its worker shareholders. The more it benefits from such a share-owning structure, the more intense may be the pressure to seek new forms of financing.

Given the limited extent of employee share ownership in Britain, it is still hard for a company to judge accurately whether the advantages outweigh potential risks – in particular whether increases in staff commitment have a financial value exceeding any longer-term instabilities.

The euphoria of NFC's Blackpool meeting may now be the dominant image of employee share ownership; that image could be modified by the spread of such Esop plans in Britain.

John Gapper

Why Tullis Russell is so keen on the benefits

Shareholders who will back long-term investment

AS ONE of his company's union conveners puts it, Mr David Erdal is "a wee bit of a revolutionist." A former member of the Workers Revolutionary Party, he keeps on his office bookshelf the collected writings of Deng Xiaoping.

Mr Erdal hardly fits the accepted pattern of a chairman of a medium-sized British manufacturing company. However, his revolutionary fervour is now mostly confined to the virtues of employee share ownership.

So keen is he on the idea that last October he stood outside the Winter Gardens hall in Blackpool, exhorting – with limited success – those arriving at the Conservative Party's annual conference to *attend a fringe meeting* about it.

But if his enthusiasm is sometimes be expressed in unusual terms – he cites Darwinian theory to back his belief that it is the natural method of collective ownership – it stems from more than just untested faith in the potential benefits.

Since 1985, when Mr Erdal took over his family firm – Tullis Russell, a private paper manufacturing company based near Glenrothes, Fife – he has distributed free to his 1,400 employees 4.7 per cent of the share capital.

The original motivation was to maintain staff loyalty as he set about restructuring the company's management. About 150 staff lost their jobs: the effect on morale in a company with a tradition of caring for staff was, he says, "shattering."

Most of the company's employees, as members of the print union Sogat '82, were already imposing an overtime ban. Into this atmosphere of mutual distrust and hostility, Mr Erdal stepped with his plans for profit-sharing and employee share ownership.

The share ownership scheme – under which 7½ per cent of the firm's profits are distributed annually in the form of shares – had another advantage for Mr Erdal. It was a means for members of the Russell family to realise their shares in the company without the threat of control passing elsewhere.

He describes a sea-change in attitudes since the start of the scheme – which has given an employee of 23 years' service £2,900 in equity: "In the past, there was a real feeling of a division of interest, but now people on the shopfloor joke about how managers are wasting their money," he says.

Mr David Erdal, chairman of Tullis Russell

An employees' trust administers shares on behalf of those who nominally own them until at least two years after they have been handed out. Thereafter, the staff may sell their shares but must wait five years to avoid being taxed on the proceeds.

'A worker who used not to be fussy will make a fuss now because he is a shareholder'

Share ownership is widely acknowledged to have brought changes. Mr John Gourlay, craft union convener, says: "A worker who used not to be too fussy about things like waste through mismanagement will make a fuss about it now because he is a shareholder."

Mr Erdal emphasises the increased job commitment which he says the change has brought about. He says: "The difference between what somebody will do to keep his job, which is just to keep his nose clean, and what he will do if he is just that little bit interested is quite dramatic."

Not all are convinced by the scheme's virtues. Mr Bill Annandale, Sogat print union father of the chapel (branch), argues that the "brick wall" faced by unions in negotiations is now "twice as thick" because managers can use the share ownership and profit-sharing schemes as bargaining counters.

Mr Erdal, who was a member of the WRP for two years in the early 1970s and taught for a time in China before joining Tullis Russell, has some sympathy with the critics. Those who argue that the scheme is "a con and only a token" have a point, he says.

He is now working on plans for a more extensive employee share ownership plan with Unity Trust, the trade union bank, which might distribute 49 per cent of the voting shares in the company in an employee trust, leaving the majority holding with a family trust.

Mr Erdal, a Harvard Business School graduate, talks keenly of the benefits of employee share ownership. Aside from industrial relations improvements, he emphasises the guarantee it offers thet shareholders will back long-term investment programmes with limited short-term profitability.

The latter is important at Tullis Russell where investment such as the commissioning of a new coating plant can take several years to start its contribution to profits, and might be unpopular with a workforce dependent simply on profit-related bonuses.

Mr Erdal believes employee share ownership has enabled Tullis Russell to begin restructuring its ownership in a manner which allows members of the Russell family to reduce their stakes without threatening the traditions of the company.

It has been combined with a profit-sharing scheme that paid an annual bonus of 6.75 per cent of earnings last year. He describes the two as "an ideal development of the best of the family company ethos in a form which is suitable for the 21st century."

Mr Erdal admits to only one fear about the present share ownership plan: that it may drain the company financially to maintain control of employee shares in the event of large numbers being sold by staff at the end of two or five years, or when they leave.

At the moment, this does not constitute a serious worry. Mr Erdal estimates the value of total employee shareholding before the October equity market crash at £2.3m against a company borrowing facility of £20m, only £2m of which is currently taken up.

However, it remains one of the motives behind seeking a trust model for the future distribution of a large proportion of ordinary shares. Otherwise, Mr Erdal believes, such a share-out could eventually lead to pressure for a stock market flotation in the manner of National Freight Consortium.

There remains an air of puzzlement among some at Tullis Russell as to exactly why Mr Erdal has taken such radical steps in change the ownership of the company without any pressing financial need to do so. Most explanations come back to the personality of the company chairman himself.

Mr Erdal denies any suggestion that it is merely a personal hobbyhorse, but admits that he views the potential benefits as of enormous social significance. "I have been concerned all my life with trying to make the system fair and work for all the people," he says.

John Gapper

Case study: Martin Hoppmann

Humanisation — but a lack of dynamism

A CAR dealership in the small town of Siegen, near Cologne, may at first sight seem an unlikely place to find one of the country's most innovative employee-owned businesses.

But the Martin Hoppmann GMBH, a General Motors' dealer, has since 1976 had a far-reaching system for employee involvement and ownership. The case of Martin Hoppmann raises striking qnestions about whether full employee ownership amounts to more than capital ownership, for its distinctive character has come from a system of shop-floor participation.

Set up in 1936 as the exclusive dealer in Siegen for GM cars, the company employs about 220, and sells about 4,700 new and second-hand cars a year.

In many ways the procedures for employee involvement are unremarkable by West German standards. Under the co-determination laws it has a works council which has an important say in the running of the business.

But in addition the share capital is entirely owned by a trust, which holds shares on behalf of the workforce. The trust, called "Democracy in Everyday Life," was established in 1973 by the company's then owner, Klaus Hoppmann, who decided to give the shares to the trust without charge.

According to a recent report on the company,* it was Hoppmann's involvement in the Protestant Church'e social work which led him to become interested in the "humanisation of the workplace."

The central idea was that capital ehould be the servant of labour.

The trust controlled capital worth about DM4.8m in 1986. Each year employees receive a share of the profits: half in cash, with the remainder lent back to the company. This employee loan stock attracts an interest of 7 per cent which is paid out at the end of each year. It is repaid in 48 equal monthly instalments, from the date that the employee leaves the company. At the end of 1986 the average loan stock holding of a typical qualified motor *mechanic*, who *had benefited* from profit-eharing since its introduction in 1969, was about DM19,500.

The profit-sharing payouts have varied from a high of DM948,803 in 1977 to a low of DM60,628 in 1984. As a percentage of annual payroll costs, the profit-sharing payout has varied from highs of 21.2 per cent in 1970 and 20 per cent in 1977 in lows of 3.5 per cent in 1974 and zero in 1981.

The trust is governed by five trustees, who according to the report play the role of constitutional monarch: they are informed and occasionally consulted, but they wield little power within the company.

This kind of employee ownership via a trust is fairly unremarkable within the employee-owned sector. What sets Martin Hoppmann aside are its measures for non-financial employae involvement.

First, there is an economic committee, made up of equal nnmbers of top management and representatives from the works council. The committee is chaired by an independent, agreed by both sides.

The committee is a device to *ensure that management secures* workers' representatives to any major and non-routine decision.

Management cannot incur any additional expenditure over £10,000 without the committee's approval: in effect, it is involved in all major, non-routine management decisions. It was the economic committee, for instance, which took the final decision that the company should sell Japanese cars, and that it should not invest in a new showroom.

Secondly, a system of work groups was set up in 1976, following a government grant. These work groups are the foundations for employee participation in the business.

All employees, including top managers, office staff, and foremen, must belong to a group with hetween 10 and a dozen members. Wherever possible, the 20 groups follow the division of work within the company.

Work groups are being introduced in a large range of companies. What marks out Martin Hoppmann'e work groups are their rights and powers. Most strikingly, they have the power to veto the management'e appointment of a supervisor, or a new member in the team. They also have discretion to organise their work as they wish, and submit formal proposals on any issue that concerns them. Each group elects a speaker to pass on their concerns to management.

Many workers at the company are union memhers, hut union infinence is limited. The report explains: "The negative power of work groups is almost certainly stronger than what could he wielded on their behalf hy a trade union in a conventional company."

Does this comhination of employee capital ownership and strong participation work? The answer from Martin Hoppmann is that all depeods on what is to be achieved. The report notes a lack of dynamism and constraints on redundancies, which *may stem from the collective* ownership of capital and the power that gives the workforce.

While more individual ownership might create more dynamism, the company judges collective ownership is more important for the collective morale and solidarity of the workforce.

The report says the company clearly places the goal of humanisation of work at least on a par with profitability; the interests of the current workforce are probably more important than those of possible recruits. Labour turnover is extremely low, with an average of one person leaving every four years.

The company's profits were 2.1 per cent of turnover in 1987, compared with a national average for GM dealerships of 1.85 per cent; Martin Hoppmaun'e markat share of new car sales in Siegen is 18.5 per cent compared with a national average for GM dealers of 15.5 per cent.

Since the company's repair department makes a loss, it seems that in the longer term the company will survive only if it diversifies. Employee ownership and control may be a constraint as much as a bonus, given thet at Martin Hoppmann it has tended to give the current workforce considerable power as against outside capital owners or new workers.

Martin Hoppmann GMBH, A Company Case Study of Advanced Employee Participation in the Federal Republic of Germany, published by Partnership Research Ltd, 9 Poland Street, London W1V 3DG.

Charles Leadbeater

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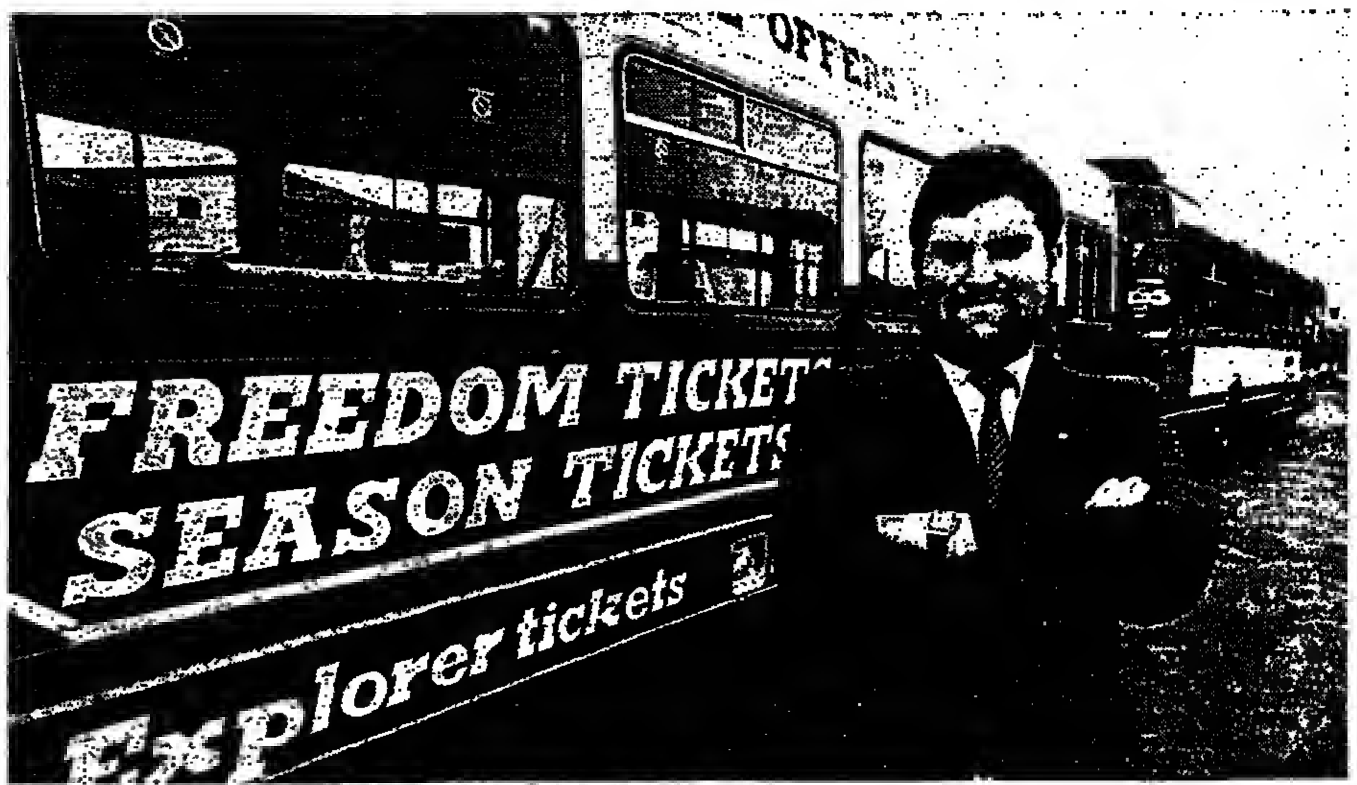
FINTECH

How union attitudes are changing

Now the labour movement is at last waking up to 'participation'



Mr J D F Freeman, managing director of People's Provincial Buses

WHEN TWO supermarkets in Philadelphia were bought out in 1982, it was the union, local 1437 of the United Food and Commercial Workers rather than the management, which took the initiative. The union made the opening and closing purchase bids and then provided loans for members to buy up the shares.

A recent American advisory paper on arranging employee share ownership plans lays out the requisites for success: "Money - the ability to raise funds to purchase the assets; markets - a market for the product in the present and the future; management - competent and capable management willing to work for an employee-owned company." Working-class solidarity does not figure high on the list.

The UK unions are nowhere near this kind of open endorsement of employee share ownership and what it implies. However there are signs of change, and these could be significant, for the experience of the US suggests unions can contribute to the success of an employee-owned business in two important ways.

First, in many US cases unions have suggested employee share ownership. Second, employee-owned companies rely on participative, co-operative employee relations; this may well require a much more open and enthusiastic approach from the unions.

The employee share ownership plans introduced by Unity Trust, the trade union backed bank, have all involved unions. At Roadchef, the transport catering company the GMB general union was closely involved in an Esop which gives the 850 employees a 12.25 per cent holding.

The TGWU supported the employee buy-out at Provincial Buses at Gosport, Hampshire, while ASTMS, now part of MSF, the general technical union, was involved in establishing the 25 per cent employee holding at Llanelli Radiators, the management led employee buy out from the Austin Rover Group. The AEU engineering union helped set up a 12.5 per cent holding in Coventry Pressworks.

Most of these are small stakes, with small numbers of employees, but they indicate the first signs of a willingness of change among Britain's trade unions. More can be expected; as a senior official of the AEU engineering union explained: "With bus privatisation there are all kinds of things such as workshops which will go. Only small places, but fertile for employee ownership — probably a better alternative than handing over to another external owner."

Unions have been forced to rethink on employee share ownership partly out of pragmatism: an employee buy-out is the modern form of defence against a takeover. There is also a clear political dimension: there could be about 14,000 shareholders in each parliamentary constituency. To many in the Labour movement it appears that the chances of a Labour victory could depend on coming to terms with share ownership. But not merely Labour victory is at stake: up to 4m trade unionists are thought now to own shares. To maintain credibility with their members, unions may have to recognise the permeability of share ownership.

These lines of reassessment have been suggested by two recent union papers.

The first, drawn up by the TUC for a review of policies towards share ownership set in motion by the 1987 TUC, warns that unions will be increasingly out of step with their members if they do not revise share ownership policies. There is a growing interest in novel ways to share profits, and for workers to gain some greater involvement in their businesses.

It says unions must find ways to allow workers to share more in the long-term increase in the value of company assets. It concludes: "Forms of financial participation such as employee share ownership plans, or the British Airways unions' attempts to organise individual employee shareholdings must be developed to allow employees to participate financially in their companies and influence company decision-making."

But union policy should be framed with the long-term trends in capital ownership in mind, rather than the political popularity of the Government's wider share ownership crusade, the paper says. It argues that despite the recent fall in share prices they will begin to rise again along with economic growth. Union strategy should be framed in line with the reassertion of this long-run trend, and the approaching saturation of traditional forms of savings such as pensions and housing.

Given these factors, the next logical step is for people to seek a more direct forms of investment. Employee share ownership could form part of a redistributive programme by broadening the spread of capital ownership, as well as enhancing efficiency and employee participation in decision-making, the paper argues.

Policies which confined the savings of working people to National Savings Accounts and building societies may well exacerbate inequalities.

A similar sort of message comes from a paper presented to the TUC and the Labour Party's policy reviews, by the Union of Communication Workers. The UCW has played an influential role in shaping Labour policy towards social ownership. It says that share ownership is now well entrenched, despite the falls in equity prices.

However it argues that current forms of share ownership have brought employees limited, temporary financial gains and little influence over the way that their companies are run. It urges Labour to adopt policies which would require every company over a certain size to distribute shares to its employees, and require privatised utilities to distribute shares to all its customers.

Unions should be encouraged to acquire shares through privatisations, and to gather individual shareholdings through proxy votes. It also forcefully backs employee share ownership plans of the kind advocated by Mr Bryan Gould, the party's trade and industry spokesman.

Undoubtedly, there is a long way to go before the debate in British politics becomes one of how wider employee share ownership should be organised, but the first signs have emerged that the labour movement is beginning to wake up to the issue.

Charles Leadbeater

An American success story...

Why the lessons of Weirton's steel plant are not all that simple

MR WALTER BISH felt awful.

It was the middle of bitter winter, February 1982. Losses at the Weirton steel plant, where he worked, did not look as if they would abate. Company projections put them at $334m between 1984 and 1989. The US National Steel Corporation had just announced it intended to cease investment.

Weirton — the town almost as much as the plant — faced closure. With 12,000 employees it was the largest employer in West Virginia, a major consumer of coal and electricity, the largest taxpayer in the area.

Mr Bish, then recently elected as president of the Independent Steelworkers Union, in effect a company union at Weirton, recalls: "There was no queue of people waiting to buy a complete steel mill — other than as scrap."

Another option was to reduce employment to about 1,350 and turn the plant into a finishing mill. The only other way ahead was to launch an employee share-ownership plan (Esop) to buy the plant and refloat it.

Mr Bish says: "It was a terribly new idea: we knew very little about how an Esop worked. There was a good deal of suspicion."

From those inauspicious beginnings grew the largest independent employee-owned company in the US. It employs about 8,200 people, producing steel 365 days a year, 24 hours a day.

Distress buy-outs such as Weirton's make up only about 3 per cent of the 7,000 or so Esop schemes in the US, and in that sense the story of Weirton may be untypical. Nevertheless, it is a litmus test of whether employee share-ownership can make a contribution to turning a company around.

The first step towards that goal was to convene a joint study group made up of union and National's management representatives. The group was helped by a background of co-operative industrial relations in the preceding years.

In the beginning, Weirton hired external expertise to see if the plant's costs could be cut and whether it could find a market for its steel. Another company of external consultants put together the Esop structure and another handled the sale negotiations with the parent company.

The most controversial recommendation to emerge from the business plan was that wage costs had to be cut by 32 per cent, and then employees had to go six years without an increase.

But there were factors which softened the blow. The ISU had survived as a company union because the company had consistently paid a premium of about 10 per cent above going wage rates in the industry, which themselves were far above average wages in manufacturing. Negotiations with National managed to reduce the wage cuts to 20 per cent.

Nevertheless, the employees were being asked to vote for an unusual form of collective ownership, which must have appeared to have carried considerable risks, and to take a wage cut of one-fifth for the privilege.

After an intense communications drive by management and unions, 6,208 of the 6,977 union members eligible to vote went for the Esop. It was set up in January 1984 as a $194m buy-out, one of the biggest.

The plan appealed to union members because they had little or nowhere they could go to get another job. The union also saw opportunities in it to renegotiate agreements to ensure union participation in decision-making. Mr Bish says: "We did not choose an Esop — it was forced upon us by circumstances. But since that was the case we decided to turn it into an opportunity."

The sale also made sense for National. The price was probably some $200m less than the costs associated with redundancy and closure. This may in part explain why the company provided hundreds of thousands of dollars to fund the Esop feasibility studies.

The venture has apparently been a success: output has risen from 1.08m to 2.7m tonnes a year and all 3,000 employees laid off at the time of the closure plans have been offered new jobs at the plant. The company is the seventh largest US steel producer; the final quarter of 1987 was its 16th consecutive profitable quarter.

It made profits of $60m in 1984 on turnover of $967m, falling to a profit of $45.5m in 1986 on turnover of $1.17bn.

The financial participation has been only a part of that success. The company has also introduced employee participation groups for quality, and groups to answer production problems. This has been complemented by an extensive training programme, and the introduction of weekly company news videos which employees can take home with them.

Is it all that simple?

Mr Alan Prosswinner's decision to join Weirton as finance director was greeted with incredulity by his friends, he recalls. "They all asked 'Why are you going to work in rust valley?'"

Like Mr Bish, Mr Prosswinner is an enthusiastic supporter of the Esop. But if it is to allow the company to grow successfully, it must provide flexibility, he argues. Provisions negotiated as the plant faced closure may not be appropriate for a business which needs capital to invest.

Outside investors may not be keen on a profit-sharing system which provides bonuses of 30 per cent if profit is more than $250m. The implication is that the profit-sharing formula would need to be renegotiated to attract outside capital for a 10-year investment programme worth $100m.

Mr Prosswinner says: "I think the profit-sharing formula is too rich. There is a danger that we are harvesting capital for today rather than investing it for tomorrow."

Yet according to Mr Bish this profit-sharing was and remains one of the main attractions for workers who took a wage cut. Indeed, despite three stock allocations to employees and two profit-sharing payouts, the workers have still not made up for their wage cut of four years ago.

Mr Prosswinner is also concerned by the company's liability to repurchase shares from employees who want to leave the organisation, which could place crippling constraints on its future cash flow. The average employee owns about $35,000 worth of stock. New recruits are unlikely to want to put up this kind of money just to get a job.

One way out would be to seek a stock market flotation to create a more liquid market for the shares; but this could damage the company's employee-owned character, which many think vital to its success.

A related problem has been to define the role of managers, under the participative management style demanded by the Esop. And this is not the only people problem for the company.

The across-the-board wage cuts have produced problems of recruitment and retention, particularly of skilled workers and managerial staff. That has required ad hoc pay flexibility. What effect this has had on industrial relations will only become clear next year when the company conducts its first pay bargaining with the union since the Esop was set up.

The absence of pay bargaining has probably helped more co-operative industrial relations; the first negotiations will show how far the identity of interests of workers has shifted.

The lessons of Weirton are not all that simple. An employee ownership plan can help to turn around a company which was almost on the floor. But an Esop does not solve every problem. In some cases it puts old problems on a different footing, which may make them more resolvable.

It may bring in a more open and participative management. But it can also introduce inflexibilities and rigidities, create new divisions of interest; particularly between inside capital owners and potential investors; current workers and potential recruits.

Charles Leadbeater

Fiscal incentives

Juicy tax breaks

THE DRAMATIC growth of employee share ownership plans in the United States is partly explained by strong fiscal incentives.

As Mr Jeff Gates, a former senior aide to a congressional tax committee puts it: "Writing bills for a tax committee teaches you that there is no inherent limit to greed. There is a hell of a lot of tax juice in the employee share ownership system."

About 7m people were covered by Esops in the US in 1986, according to US government estimates, about 10 times the number of a decade before.

A large part of this growth is due to tax legislation. From the Employees Retirement Income Security Act of 1974 to the Tax Reform Act of 1986, the US Congress has approved 17 measures designed to promote employee share ownership.

Mr Robert Oakeshott, of Job Ownership Ltd, an employee ownership consultancy, who has studied the growth of Esops in the US, says: "Whatever the potential benefits of employee ownership, they are likely to remain largely locked up in the absence of government measures designed to promote their release. American experience suggests that enabling legislation and tax incentives are a necessary condition for giving employee share ownership a chance."

Tax advantages abound within the US system, according to Mr Gates. Employers can get tax deductions on income worth 25 per cent of participants' wages.

Stock acquired for employees is not taxed until distributed and distribution is taxed on original costs. There are also roll-over deductions on capital gains tax on stock reinvested in an Esop. Lenders are encouraged by a deduction which allows them to exclude from taxable income 50 per cent of the interest on an Esop loan. Companies may claim a deduction for dividends paid on Esop-held stock provided the dividends are either applied to repay the original Esop loan or paid out to employees on a current basis.

The inheritors of stock in a private company are encouraged to pass it onto an Esop by deductions on estate tax on 50 per cent of the stock put into an Esop. This encourages the relative of deceased owners to liquidate their stock into employee share ownership.

These concessions to Esops have undoubtedly helped them to grow dramatically. But have they been worth it? Estimates by the US General Accounting Office suggest the tax bill for encouraging employee share ownership ranges from $227m to $1.5bn.

If the Esop concessions have not led to a drain on public funds, they have led to accusations that they have created artificial incentives which companies can exploit. The *cause celebre* in this respect has been the Dan River Inc case, in which the company used its pension scheme to purchase its stock to ward off a takeover. Critics of Esops argue that in this case the management has been able to design the Esop to its benefit to all intents and purposes the position of employees has not changed — or if it has, it is for the worst. Their pensions have become assets in the company they work in.

The way US legislation has promoted employee share ownership has led to calls for similar tax concessions in the UK. At the moment employee participation in capital ownership or the returns from capital are covered by three separate pieces of legislation. Profit-sharing is covered by legislation introduced under the Finance Act 1978; savings-related option schemes are covered by the Finance Act 1980, and executive share options under the Finance Act 1984. In addition, share purchase schemes are also covered by the Corporate Personal Equity Plans.

Critics of the current legislative and tax arrangements urge two main lines of reform. First, there is a growing lobby pressing the Government to amend its law governing executive share options to ensure that only companies which introduce a scheme for all employees should be able to win tax benefits for their executives.

Secondly, there is increasing demand that there should be separate legislation for employee share ownership plans. Draft legislation has been drawn up by New Bridge Street Consultants, the employee share ownership consultancy. During the debate on the 1986 Finance Bill, Mr Nigel Forman, a leading Tory backbencher, tabled a draft clause to give employee share ownership tax relief. A revised proposal was resubmitted before the 1987 Budget.

There has also been intense lobbying in the run-up to this year's Budget; whether it has been successful remains to be seen.

There seem to be two likely obstacles. Firstly, the reliefs on profit-related pay were introduced only recently. These PRP reliefs have had a relatively slow take-up. Given the political capital invested in the idea, the Treasury is likely to want to get this right before introducing another relief.

Secondly, the proposal runs into a central tension within current Conservative thinking. The Government seems more drawn towards individualised forms of share ownership, which teach the discipline of investment and risk. For many in the Government Esops smack of modernised corporatism; it may be a particularly business-oriented collectivism but, the argument runs, it is collectivism nonetheless.

While there are supporters of this modernised, business-oriented corporatism, the supporters of reformed collectivism still seem outweighed by the individualists.

Charles Leadbeater

...and the US downside

Failure risks high for old adversaries

IF WEIRTON shows how successful employee ownership can be, the story of Hyatt Clark Industries shows there can be a downside.

Based in Clark, New Jersey, HCI started life as the New Departures Hyatt Division of General Motors. In 1980, after demand for its tapered bearings had tailed off, its parent decided on closure. The union, local 736 of the United Automobile Workers, initially offered wage concessions as a means to stop closure. When this failed it turned to an employee buy-out as the second-best option.

A joint union-management Job Preservation Committee was set up to examine possibilities: outside consultants recommended a wage cut from $11.50 to $8.00 an hour. Whereas co-operative relationships at Weirton deepened during the planning stage, at HCI they found it much more difficult to overcome traditional adversarial industrial relations, according to a recent study.*

Union support for the $53m Esop buy-out was unanimous, although half the workforce of about 1,500 had already accepted voluntary redundancy.

There were only minor differences between the HCI Esop and the Weirton package: it seems the Esop itself cannot explain the differing fortunes of the companies. HCI made small profits in 1983 and 1984, but then plunged into a loss of $4.8m in 1985 and $6.8m in 1986. It was wound up in 1987.

According to the study, what explains this dramatic decline was the failure of the Esop to lead to a real change in industrial relations. Employee ownership alone was not enough to turn the company around: it needed a new approach to ensure higher quality and productivity.

It was partly that the company did not pursue participative management vigorously enough. But the financial aspects of the package which started with a wage cut also matter. In April 1984 the company failed to make a profit-sharing payment as planned. A report by consultants from Cornell University a year later said this could have been the turning-point. The absence of a profit-sharing payment led to mounting shopfloor frustration.

The Cornell report identified a number of glaring weaknesses at the plant — excessive machine down time; poor scheduling of work; lack of training for operators and supervisors; lax discipline. All this was compounded by an annual management turnover rate of 52 per cent.

This in part was a reflection of the across-the-board salary cuts introduced at the time of the buy-out. Attempts to increase the relative pay of managers ran into union opposition.

From the experience of HCI it is clear that employee ownership works best when bolstered with non-financial forms of participation. In addition, the pay and profit-sharing arrangements need careful handling to ensure they produce high morale and cohesion rather than increasing frustration and dissension.

The study concludes that the main lesson from HCI's experience is: "Essentially, unless management and union are really committed to working together after an employee buy-out, then the risks of failure are high."

* *Employee Stock Ownership Plans in the United States, published by Partnership Research Ltd, available from 9 Poland Street, London W1V 3DG, price on application.*

Charles Leadbeater

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True confession of a prejudiced recruiter

BY MICHAEL DIXON

IF THERE is anything rarer in the Jobs column's experience than headhunters doing badly in business, it is company chiefs who doubt their perfection as recruiters. So it was a delight to receive the following confession from the joint boss of a marketing consultancy.

"I found myself using some very unfair selection criteria the other day," the letter says. "We had the choice of two well qualified graduates – one male, one female – to join our small team. The size is important because fitting in personally is obviously a greater consideration when people are working in close proximity.

"I said to my colleague that, of the two, I would prefer the girl rather than the boy because men in their early 20s are not as steady ss women at the sama age. They tend to think they are going to run the world and don't buckle down so hard. Also, they tend to spend a lot of time and energy sorting out their sex lives and overdrafts. 'The girl seems to have got her head together much better,' I remarked."

"My colleague said: 'Yes, I agree. He's a baby compared to her in terms of personal maturity, even though he's had more work experience.'"

The letter then poses two questions:

1 "Are we making our judgement of maturity against experience fairly?

2 "Are our judgements clouded by the fact that we both are women?"

The letter goes on to wonder if the case reported marks the rise of a new brand of prejudice in recruitment. "Having been on the receiving end myself for some 15 years in work," the writer adds, "perhaps I am subconsciously getting my own back."

It may well be that she is. But since I suspect that I was far from alone in being surprised by the revelation that the two consultancy bosses were women, there would not seem to be much ground for complaint.

Pay paragons

ACTUARIES – as enduring readers of this corner of the FT may recall – have been defined as "people who would have been accountants, except that they couldn't stand the excitement." But if actuaries lead a dull life, it has the compensation of being lucrative. For, as the table shows, they make accountancy types in general look meagrely paid.

My figures are taken from two surveys by the Remuneration Economics consultancy. Both are based on information supplied by employers throughout Britain.

The one covering actuaries, 916 of them, was made jointly with their professional institute and although it has only just been published, it shows how their pay stood on November 1 last year. The date of the one covering financial management staff was September 1. But the figures have been adjusted in accordance with the prevailing rate of pay increases to bring the two studies in line. Anyone wishing to know more about either should contact Peter Stevens of the consultancy at 51 Portland Road, Kingston upon Thames, Surrey KT1 2SH; telephone 01-549 8726.

The table compares the salaries and total money rewards – including bonuses and so on but not the value of in-kind perks such as company cars - of both kinds of specialists working at similar levels of responsibility. The lower quartile represents the person who comes a quarter of the way up from the bottom of a ranking of all in the same specialism at the same level, the median the one in the middle, and the upper quartile the person a quarter way down from the top. The sverages are calculated in the standard way.

One reason for the actuaries' handsome lead, the survey says, is that they have had an 18.1 per cent pay rise on average in the past 12 months. But recruits with the necessary statistical ability are still hard to find. Moreover, to judge by the fall I reported a fortnight ago in the number of British teenagers who want to take degrees in mathematics, the scarcity looks bound to become worse – and the pay better – in years to come.

Rank of job-holder	Lower quartile Basic salary £	Lower quartile Total money reward £	Median Basic salary £	Median Total money reward £	Upper quartile Basic salary £	Upper quartile Total money reward £	Average Basic salary £	Average Total money reward £
Chief actuary	45,000	46,800	57,000	58,002	66,000	72,700	59,152	62,561
Finance director	36,498	39,235	43,230	47,758	60,830	60,830	48,248	51,562
Senior function head - actuary	37,401	37,830	45,000	49,562	57,500	61,300	48,079	52,293
- finance	25,914	25,914	31,200	31,936	37,968	39,601	32,748	34,274
Function head - actuary	30,700	32,502	33,729	36,000	39,708	41,202	35,412	37,376
- finance	22,982	23,499	27,880	28,837	33,203	35,484	29,301	30,608
Department head - actuary	26,421	26,900	30,000	32,000	35,157	36,144	31,217	32,369
- finance	19,717	20,283	23,095	23,825	26,360	27,657	23,906	24,763
Section manager - actuary	24,471	25,204	26,862	28,500	30,000	31,191	27,181	28,708
- finance	17,742	18,006	20,804	21,471	24,659	25,562	21,504	22,239
Section leader - actuary	21,453	22,500	23,970	24,147	26,568	26,800	23,961	24,662
- finance	15,207	15,519	17,732	18,087	20,232	20,885	17,961	18,548
Senior actuary	18,924	19,592	21,757	22,456	24,867	25,571	22,305	23,184
Senior accountant	13,413	14,148	15,722	16,283	18,249	18,918	16,204	16,840
Actuary	13,500	13,750	16,000	16,461	19,060	20,000	16,504	16,994
Accountant	10,452	10,671	12,166	12,395	14,544	15,177	12,688	13,046

Rare lawyer

ANOTHER species of worker in short supply is qualified lawyers with consummate skill in the procedures for documenting City-type bond transactions.

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Far Eastern Funds

An independent Fund Management group seek a specialist to cover Far Eastern markets including Japan. The right person will have three/five years experience and, ideally, will be aged 28 – 33. The job is London based.

Pharmaceutical Analyst – Tokyo

A Pharmaceutical Analyst is sought by a Global Securities house of unique reputation for success in all markets. This job is based in Tokyo and in this case, age is immaterial.

To discuss these jobs or your overall objectives in Fund Management, ring or write to Keith Fisher or Caroline Magnus at Overton Shirley and Barry, Prince Rupert House, 64 Queen Street, London, EC4R 1AD. Tel: 01-248 0355.

One of our consultants will be available in Tokyo and Hong Kong in the next few days.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

CRÉDIT AGRICOLE

Project Financier

Due to expansion in our Corporate Banking Department we are seeking an experienced Project Financier to join the Project and Property team. The Bank is experiencing considerable growth in its commercial business and is developing expertise in a number of niche markets including the financing of leisure, infrastructure and property projects in the U.K.

Ideally aged 28-35 you will be a graduate with sound credit training and a good understanding of cash-flow based analysis. You will have several years' project finance experience gained in a position where you have been responsible for entire transactions from origination to documentation. You should be a dynamic, entrepreneurial and energetic individual with commitment, enthusiasm and a sense of humour.

You will be working as part of a small cohesive team with colleagues who are developing the Bank's Property Financing capability. The position carries an attractive package comprising a competitive basic salary with discretionary bonus and all banking benefits. The right candidate can expect a long term career within the Bank with a real prospect of running a dedicated Project Finance Department.

Interested applicants should contact our retained consultant, Mark Hartshorne on 01-404 5751 or write to him at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney
A member of Addison Consultancy Group PLC

UK EQUITY FUND MANAGER

Our client is a prestigious Merchant Bank with a long tradition in asset management. Vacancies now exist for institutional portfolio managers to take responsibility for a number of sizeable UK equity pension funds.

The appointed individuals will be required to contribute fundamentally to group investment policy and are therefore likely to demonstrate a minimum of five years previous experience within a similar organisation. All candidates should be graduates aged in their late 20's-early 30's.

EUROPEAN ECONOMIST

c.£20,000

An exceptional individual is sought for the newly-established global research group of a major UK Stockbroker. Although primary responsibility will be for European research, applicants must also demonstrate a flexible approach towards a broad range of financial and political matters.

Candidates must have the ability to apply their strong quantitative and mathematical skills to asset allocation issues; computer literacy is also a pre-requisite.

In both instances there will be substantial scope for advancement; remuneration will be competitive, commensurate with age and experience. To discuss these positions further, in strictest confidence, please contact: Hilary Douglas, Stuart Clifford or Christopher Lawless on 01-583 0073 (answerphone outside office hours).

BADENOCH & CLARK

RECRUITMENT SPECIALISTS
16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4. 8 LLOYDS AVENUE, LONDON EC3.

Investment Management for Private Clients

London SW1

Our client is a private U.K. bank which provides a comprehensive range of banking and financial management services both for individuals and companies.

We are seeking an Investment Manager to work closely with the two executive directors responsible for investment management. Responsibility for day-to-day discretionary investment decisions both for private clients, pension funds and two unit trusts will be the prime focus of the role, but liaison with existing and promotion to new clients are also important aspects of the job. A background in private client fund management or stockbroking is desirable and the role is probably suited to someone in their thirties.

A competitive salary and generous fringe benefits are offered. Candidates should send a resume in total confidence to the consultants handling this appointment at the address below:

The Welbeck Group Limited

PANTON HOUSE, 25 HAYMARKET, LONDON SW1Y 4EN.

F/X DEALERS

Young, self-starters with at least two years' relevant experience of major currency dealing operations are sought by a medium sized, quality European bank. The rewards package is designed to attract and retain individuals of high calibre with the potential for advancement.

In the first instance, please write enclosing a CV or telephone for a personal history form, quoting ref. 5060, to Angela Britton, Banking/Finance Appointments.

EXECUTIVE CONNECTIONS

RECRUITMENT SELECTION & ADVERTISING

3rd Floor 43 Eagle Street London WC1R 4AP Tel: 01-242 8505 or call John Constable on 01-549 5578 out of hours

Jonathan Wren
Capital Markets Division

SENIOR EUROBOND SALES

£Negotiable

Due to recent expansion an international merchant banking organisation wishes to appoint a highly experienced sales professional to strengthen their capital markets sales team. The successful candidate will have gained at least four years' sales experience with a committed player and possess a proven track record. A knowledge of US$, DM, Yen and Guilder products together with ability in a European language would be advantageous. An attractive salary, benefits package and bonus scheme will be offered to the successful individual.

SALES DISTRIBUTION MANAGER

£50,000+

The merchant banking division of a major US bank currently seeks a senior manager to assume responsibility for the sales and distribution of all capital markets instruments to Benelux countries. In order to have gained the relevant experience and seniority essential for this role, it is envisaged that the ideal candidate will be aged between 35 and 45 years, possess a strong background in marketing banking products within the Benelux areas and be highly experienced in leading a professional marketing team. Excellent long term prospects and a highly attractive benefits package are offered.

Please forward a detailed cv or call Anne Fenwicke or Jane Almond on 01-623 1266.

LONDON HONG KONG SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

METROPOLITAN BOROUGH OF WOLVERHAMPTON

West Midlands Metropolitan Authorities Superannuation Fund

FINANCE DEPARTMENT

U.K. EQUITY MANAGER

The West Midlands Metropolitan Authorities Superannuation Fund is one of the largest pension funds in the U.K. with assets of more than £1.3bn. The portfolios are fully diversified and are managed in-house by a small team of specialists.

A vacancy has now arisen due to the appointment of the present U.K. Equity Manager to the post of Investment Manager with a large private sector pension fund. Applicants for the post should have extensive relevant experience. The successful candidate will be responsible to the Principal Investment Manager for all aspects of the management of the U.K. equity portfolio; which is currently valued in excess of £750M.

The salary payable will be within a range which extends from £17,970p.a. to £21,690p.a. and starting salary will depend upon the experience of the person appointed. A scheme of assistance for relocation costs is available.

Further details and application forms (quoting code number 85/19) from Director of Finance, Civic Centre, St Peter's Square, Wolverhampton, WV1 1RL. Telephone (0902) 312081. Closing date 25th March 1988.

Wolverhampton Metropolitan Borough Council is an equal opportunity employer and positively welcomes applications from all sections of the community irrespective of an individual's sex, ethnic or national origin, colour, age (up to 65 years), disability, sexual orientation or responsibility for dependants.

WOLVERHAMPTON COUNCIL working for you

International Banking

ACCOUNT MANAGER COMMERCIAL BANKING

A reputable European Bank with an expanding London operation are seeking to strengthen the Account Officers team, by recruiting an additional person aged c 30 with the benefit of sound commercial banking experience. The position is at managerial level and will involve responsibility for selection of clients, marketing the banks services and subsequently maintaining the relationship.

SALARY: c£25,000 plus car

UK CORPORATE MARKETING MANAGER

A European Bank seeking to further develop an active portfolio of UK corporate clients have a vacancy for a person aged 25-35 offering relevant marketing experience and credit analysis/risk assessment skills. The responsibilities embrace development and maintenance of relationships and require a broad – spread knowledge of International Banking.

SALARY: Negotiable from £30,000 plus benefits (including car)

For further details, either please call Frank Hoy or alternatively forward a curriculum vitae to the address below.

BANK RECRUITMENT CONSULTANTS TEL: 01 628 7601 52/58 LONDON WALL, LONDON EC2M 5TP

Gordon Brown

TREASURY

FX Dealers
Corporate Dealers
Deposits Dealers
Swaps Specialists
Financial Engineers

Michael Page City see these areas as positive growth markets and as a result has two specialists covering them. They would be delighted to advise clients on their current or future requirements. Additionally they would be pleased to talk to experienced candidates considering a career move.

Contact Nick Bennett or Nick Root on 01-404 5751 or write to them at the Treasury and Investment Division at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality assured.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney
A member of Addison Consultancy Group PLC

US TREASURY BONDS

Our client is a highly profitable US trading house, a primary dealer fast expanding its presence in a number of International markets. Its outstanding success, in contrast to current global trends, has provided the scope to create a new Treasury team. Opportunities are available in London for high calibre individuals to form the core of the sales or trading team.

Trading

Essential to success in this position is the ability to make markets in high liquidity instruments. You will certainly possess experience with a major trading name. Now your ambitions are focused on the challenge of building a profitable trading activity within a highly creative environment which boasts the most sophisticated dealer support systems available.

Sales

This is an ideal opportunity for you to develop into the firms leading T-Bond sales person in London. An experienced sales professional you will already be an acknowledged specialist in US T-Bonds. This represents a rare greenfields opportunity which can offer you the scope to create a blue chip European client base.

Enthusiasm and energy are essential qualities together with the flexibility to adapt to a constantly growing environment. The emphasis will be firmly on teamwork combined with limitless potential for personal development.

Interested individuals should contact Anita Harris, in confidence, on 01 606 1706 or write to her at the address below.

Anderson, Squires Ltd.,
Financial Recruitment Specialists
127 Cheapside, London EC2V 6BU

Anderson, Squires

Unit Trust Sales

Baillie Gifford is one of the most successful investment management groups in the UK with funds under management of £2.2 billion. Their policy of establishing Funds to invest in specialist markets and their skilful management of these has led to outstanding performance and growth.

They established a Unit Trust management company in London in 1985 which in this short period has achieved sales in excess of £100M. Most of these sales are to intermediaries throughout the UK but the high profile and solid reputation of this Edinburgh based company creates a significant proportion of direct enquiries.

They now wish to recruit a sales and marketing specialist in the City to join the resident partner who is Managing Director of this part of the business.

Probably a graduate you will have a successful track record in sales or marketing in the financial sector (preferably though not necessarily in Unit Trusts). Responsible for sales throughout the UK and with a high level of autonomy, this is an opportunity to join a small dynamic organisation whose continuing success offers the stability to establish a long term career. The ideal candidate is likely to achieve a Board appointment within a short timescale.

The remuneration package is pitched to attract the highest calibre of applicants and includes a substantial performance bonus and company car.

To apply please send a detailed career summary including current remuneration to Douglas Kinnaird CA quoting reference 96/2113/FT.

PA Personnel Services

Executive Search · Selection · Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE
Tel: 01-235 6060

Spot Dealer — Foreign Exchange
European Currencies

City — **c £27,000 + bonus + car**

Our client, a publicly quoted merchant bank and a member of the Accepting Houses Committee, is seeking to recruit a Spot Dealer to further strengthen its Treasury Department.

Treasury and foreign exchange represent a significant part of the bank's business and it currently has a dealing staff of approaching 20.

Reporting to the Senior Foreign Exchange Dealer, you will have responsibility for dealings in spot Dollar/Belgian Franc and Dollar/ECU, you will also be involved in forward deals on the interbank market.

This is a key position and applicants should be aged 25 to 35 with at least three years' experience of trading spot European currencies. You will be academically bright and able to assimilate and analyse economic information likely to affect the markets. You will be able to operate with the minimum of supervision within a well established dealing team.

Interested applicants should apply, naming any financial institutions to which they do not wish their details to be sent, quoting ref: 216, to Philip Rice, MA., ACMA., Whitehead Rice, 295 Regent Street, London W1R 8JH. Tel: 01-637 8736.

Whitehead Rice

FINANCIAL MANAGEMENT SELECTION

Corporate Dealers

Elders Finance Group is committed to the future growth of its Capital Markets and Trading Division. To ensure this growth the Group currently seeks a number of professionals in Corporate/Dealing/Foreign Exchange.

These roles involve responsibility for the continued development of a corporate customer base, building close relationships to enable the provision of value added services.

It is of prime importance that the successful candidates have an in-depth knowledge of FX, linked with experience of marketing capital markets products to corporate customers. The ability to contribute to an expanding division is essential.

Remuneration will reflect the importance of the positions.

Applications to include a full C.V. should be forwarded to the Personnel Manager, UK/Europe, 73 Cornhill, London EC3V 3QQ.

Elders
ELDERS FINANCE GROUP
U.K. LIMITED

The principal of Pita-Feast Corporation of California,
the fastest growing food franchise in the USA, arrives in London on 21st March 1988. We will interview the applicants for the master franchise rights in the United Kingdom of his health orientated (sugar, salt and additive free) food chain.

Interested individuals and? or companies with leadership and the finance, apply in the first instance to
J Langer, 6 Heath Drive,
London NW3

Senior Credit Analyst

City Bank

Negotiable Salary + Bank Benefits

Reorganisation in our credit function has created an opportunity for a Senior Credit Analyst with a minimum of 3 years' experience analysing both banks and UK companies.

The successful candidate will be responsible for bank lines, country risk analysis and presentation, working closely with our correspondent banking function.

There will be opportunity to participate in developing and maintaining our correspondent banking relations. Good oral and written communication skills are essential.

In addition to an attractive salary, fringe benefits include mortgage subsidy scheme, pension and life assurance scheme, private medical cover, personal and season ticket loan facility and staff restaurant.

Please write in confidence with career and salary details to:

Mrs Linda Cobbold, Manager – Personnel
Royal Trust Bank, Royal Trust House,
48-50 Cannon Street, London EC4N 6LD.

ROYAL TRUST
Royal Trust Bank

CJA

RECRUITMENT CONSULTANTS GROUP
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 01-588 2588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

Opportunities for specialist property financiers with scope for further advancement in a progressive organisation.

CJRA

COMMERCIAL REAL ESTATE FINANCE EXECUTIVE

LONDON — **£25,000 – £40,000 + BONUS + CAR**

LEADING FINANCIAL INSTITUTION – ALREADY A KEY PLAYER IN THIS MARKET

We invite applications from Real Estate Finance specialists who must have had at least 5 years' successful business development experience in this market, either in the financial sector or on the financial side of a property company. An in-depth knowledge of all sectors of the UK commercial property market is essential and a professional qualification will be an advantage. The selected candidate, whilst reporting directly to the Head of the Real Estate unit, will have a high degree of autonomy and will have full responsibility for his/her own account portfolio. The job will entail close liaison with tha Merchant Banking Group and tha application of new financing techniques to prospective real estate transactions. Travel within the UK should be expected. Essential qualities include analytical and negotiating skills together with the ability to meet the challenge of producing results in a competitive environment. Initial salary negotiable £25,000 – £40,000 or more for an exceptionally qualified individual, together with a significant performance related bonus, a company car and a full range of generous fringe benefits including mortgage assistance. Reference CREFE20627/FT.

CJRA

RESIDENTIAL REAL ESTATE FINANCE EXECUTIVE

LONDON — **£20,000 – £30,000 + BONUS + CAR**

This same client also seeks applications from candidates who will have had at least five years' experience in a financial institution or in the financial department of a leading UK house building company. Relevant professional qualifications will be an advantage, but more important attributes will be the drive and initiative to establish a successful unit within the Project Finance Division. The position offers a high degree of autonomy and the selected candidate will be responsible for the further development of the institution's presence in tha Residential Real Estate sector. Initial salary £20,000 – £30,000 or more for an exceptionally qualified individual, together with a significant performance related bonus, a company car and a full range of generous fringe benefits including mortgage assistance. Reference: RREFE20627/FT.

Applications in strict confidence quoting the appropriate reference above will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

CJA

A secure appointment and excellent opportunity for an investment analyst to move into fund management

ASSISTANT FUND MANAGER

CENTRAL LONDON — **£30,000 – £35,000 + CAR**

LEADING LIFE ASSURANCE ORGANISATION

Our client recently brought in-house the managament of a £1.5bn. fund and now seek an Assistant to work alongside the Fund Manager. The successful candidate will co-ordinate a small research team, directing their energy and providing a broad range of information to the Fund Manager on tha U.K. equity market, as well as participating in investmant policy decisions and presentations to tha Board. Applicants must be educated to degree level and be experienced investment analysts and preferably aged around 30. Fund management experience is not essential as training will be given. The investment department work as a team and this prominent position should lead to further fund management responsibilities. Initial remuneration is negotiable £30,000 – £35,000 + car and a full benefits package including mortgage subsidy. Applications in strict confidence under reference AFM4581/FT to the Managing Director: — CJA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE: 01-588 3588 or 01-588 3576 TELEX: 887374 FAX: 01-256 8501.

ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT: PLEASE TELEPHONE 01-628 7539

A Development Role in Corporate Lending

To £23,000+benefits — Midlands

The challenge is implicit. A major UK Bank, our client is undergoing a planned programme of evolutionary change. From the introduction of exciting new products and services, to the opening of major regional facilities, the Bank has made a considerable commitment to achieving explosive growth in both the private and business sectors.

This key role offers an exceptional opportunity for a young banking professional to make a highly visible contribution to the successful development of Corporate Lending in the Midlands. As Regional Credit Manager, the successful applicant will be expected to assume total responsibility for a professional, rapidly growing credit operation.

A proven record of achievement in banking is vital for this senior position and must include several years corporate lending experience supported by a sound knowledge of all aspects of credit analysis, treasury services, lending operations, securities and legal requirements.

A thoroughly determined approach should be coupled with demonstrable inter-personal and negotiating skills of the highest order. A professional qualification in banking is essential and previous experience in a regional office control function would be advantageous.

The career prospects are outstanding and the excellent benefits package includes generous relocation assistance where appropriate.

Please send full c.v. which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent) *Ref: M9148/FT.*

PA Advertising

6 Highfield Road, Edgbaston, Birmingham B15 3DJ.
Tel: 021-454 5791.

Innovation is the key

Bankers Trust is a highly successful international merchant bank with an excellent reputation built upon an innovative approach to finance and high calibre people. Due to business growth, they currently seek an

Accounting Operations Manager

to manage a small team of 6-8 people, and be involved in implementing and enhancing a new accounts payable system.

The successful candidate will be conversant with computer systems and have taxation experience. It is expected that you will have around 5 years or more experience, be self-motivated, diligent and have excellent management and accounting skills.

This will be a key career move for an individual aged 25-35, offering challenge and opportunity. A highly competitive salary and benefits package is offered in line with experience and qualifications.

For further information or a confidential discussion, please send your CV to Debbie Mann at Bankers Trust Company, Dashwood House, 69 Old Broad Street, London EC2P 2EE.

Bankers Trust Company
Merchant banking, worldwide.

FUND MANAGER -NORTH AMERICA

EDINBURGH

We are an independent investment management company with £1.5 billion under management. The addition of several new clients has produced the need for an experienced fund manager to join the North American department. The successful candidate will have a good degree and/or equivalent professional qualification and should be able to demonstrate a successful record in managing North American institutional portfolios over at least a three year period. This is a senior appointment and will command an attractive salary and benefits including a company car.

Please apply to:
A.S. Kemp
Investment Director
Dunedin Fund Managers Ltd
25 Ravelston Terrace
Edinburgh EH4 3EX

DUNEDIN
FUND MANAGERS LTD

FUTURES BROKERS

G.W. Joynson, Est. 1890, is undergoing expansion and seeks proven and professional futures and options Account Executives. The Company offers first class facilities in all markets. Interested parties should contact: Julian Rigby or Andrew Dalziel

G.W. JOYNSON & COMPANY LIMITED
Rectory House 7a Laurence Pountney Hill London EC4R 0DA
01-283 9060

DIRECTOR OF ASIAN OPERATIONS For UK military vehicle manufacturer. Duties will include appraisal of South East Asian markets; identifying potential purchasers and arranging for trials and presentations; submission and completion of tenders; negotiation and completion of contracts, importation, delivery, after sales service. A close rapport with Government Departments in potential purchasing nations essential. Fluency in Mandarian Chinese, Bahasa Malaysia and English essential. Substantial Salary and company benefits. Apply to: Mr. R. Zatlockal, Stonefield Military Vehicles Ltd. Knight Road, Strood, Rochester, Kent ME2 2AT. Tel: 0634 719523.

Jonathan Wren
Stockbroking Division

INSTITUTIONAL EQUITY SALES

A major European bank seeks to recruit an institutional sales person with a minimum of five years' experience, an excellent understanding and appreciation of the UK market and the ability to sell investment ideas and research products effectively to leading UK institutions.

FRENCH EQUITY MARKET MAKER

A leading European investment house, committed to expanding its already substantial global equity market making capability, requires an experienced market maker in French equities. The successful candidate will have substantial knowledge of the French market and be keen to develop within a demanding, professional environment.

EUROPEAN RESEARCH ANALYST

In order to sustain its already substantial expansion and success, a research-based stockbroker requires a European equity analyst with specialist sectoral skills in either the French or German markets.

The above appointments all offer excellent financial remuneration, long term security and corporate commitment.

Forward a detailed cv or call Ann Winder on 01-623 1266.

LONDON HONG KONG SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

CHIEF DEALER

To do much more than deal

West End base

The particular demands and challenges of foreign exchange trading within a non-banking environment combine to present a stimulating and absorbing role. Recent organisational changes in the trading area of this substantial and internationally renowned Financial Services group have emphasised the need for a further strengthening of the Forex team. We are therefore looking for a Chief Dealer with the talent to combine hands-on trading with the management ability to develop a small team which is responsible for the profitability of the area. Ideal candidates, probably in their thirties, will currently be dealing within the Treasury function of a major multinational or in a prestigious banking environment. Proven spot and forward dealing ability is taken as read, together with cross currency experience and at least a knowledge of the new money market instruments. What is essential is the diplomacy, tact and willingness to motivate the existing team with a view to achieving significant growth over the next two or three years. Responsibility for the day to day running of the operation will be total and the salary package will reflect this in full. Please send full career details and salary history, quoting reference 0648F to Malcolm Lawson or alternatively telephone 01-439 4581 during the working day or 0444-73216 in the evening.

Samuel & Pearce Recruitment Ltd.
Executive Search, Selection & Recruitment Advertising
Academy House, 26-28 Sackville Street, London W1X 2QL. 01-439 4581.

BARCLAYS

Head of Treasury
Sydney, Australia

Barclays Bank Australia Limited is seeking an accomplished professional with the technical and personal abilities to manage and develop a successful dealing operation.

The bank has been established in Australia for many years and has a substantial long-term commitment to the local market.

The successful applicant will carry overall responsibility for the bank's trading activities in foreign exchange, securities, bonds and futures. It is imperative, therefore, that candidates have considerable foreign exchange dealing experience in both the spot and forward markets together with an in-depth knowledge of the money markets. Proven leadership qualities must be displayed.

The bank is extremely ambitious in this field and, as such, requires a pro-active, dynamic and senior management calibre individual for this key position.

A highly attractive salary package will be negotiated and re-location costs will be paid.

Please contact Nick Waterworth on 010612-235 1488 or Nick Root on 01-831 2000. Alternatively forward a resumé to Michael Page International, Level 19, 1 York Street, Sydney NSW 2000.
Fax No: 010 612 251-1444 (Quote Ref: NW/810).

MP
Michael Page International
Recruitment Consultants
London Amsterdam Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Appointments Wanted

Swiss national just retired managing director of multinational trading company looking for

NON EXECUTIVE DIRECTORSHIP

with well established companies located in Switzerland or any French/English speaking countries.

Please write to Box A0802, Financial Times, 10 Cannon Street, London EC4P 4BY

MEDIA RELATIONS MANAGER

Bank of Scotland is looking for an experienced Media Relations Manager to join its Public Affairs Department in Edinburgh.

This Senior post offers a challenging and varied opportunity for an individual with a proven track record in this field. The remit will include media liaison in relation to the Bank's financial services, organisation of press events and preparation of material for use by the media. In addition, the person appointed will have the chance to work on the Bank's varied sponsorship programme.

Applicants must have an extensive knowledge of the press and broadcast media, first class writing skills and a creative mind. Experience of the banking and financial world will be an advantage.

An attractive salary commensurate with experience will be offered, together with excellent fringe benefits, including a non-contributory Pension Scheme and preferential mortgage facility.

Candidates are invited to submit their application, accompanied by a detailed Curriculum Vitae, which should include the terms of their current remuneration package to:—

C.J. McLean, Esq., Manager, Bank of Scotland, Staff Department, PO Box 133, 62 George Street, Edinburgh EH2 2RA

BANK OF SCOTLAND
A FRIEND FOR LIFE

MANAGING DIRECTOR LEASING COMPANY

London W1 £30,000 + bonus

The West-Tech Group of Companies are purchasing a small leasing company to specialise in medium ticket leases.

An ambitious, experienced and determined Managing Director is required by the group to develop this sleepy problematical lease company into a force to be reckoned with in the market place. To include specialist skills in raising wholesale funds to finance new lease business as well as sound underwriting ability with strong financial and management controls.

Accommodation available, walking distance from office.

Write in first instance, enclosing detailed c.v. with home and office telephone number to:

Peter Sainsbury, West-Tech House, 3 Woodstock Street, London W1R 1HD.

APPOINTMENTS ADVERTISING

For further information call 01-248 8000

Tessa Taylor ext 3351
Deirdre Venables ext 4177
Paul Maraviglia ext 4676
Elizabeth Rowan ext 3456
Patrick Williams ext 3694

Director Consultancy Services

Greater London

c £40,000 + car + share options

Successful software house seeks general manager for new division which will encompass existing training and launch new services in courses, enterprise scheme projects, specialist recruitment and production consultancy. Existing group 'products' are well-known and there is a substantial user base.

Applicants aged say 33-45, will be graduates with experience in consultancy and industry, including manufacturing systems and evidence of managing and growing a business or profit centre, plus the personal qualities appropriate to a PLC board appointment.

For a full job description, please write to John Courtis at John Courtis & Partners Ltd, 104 Marylebone Lane, London W1M 5FU, demonstrating your relevance clearly and quoting ref: 7206

JC&P Management Selection and Search
London, Milton Keynes, Wilmslow

CONSULTING ACTUARY

English FIA, returning from US after 12 years, seeks 2 year assignment with consultants, insurance company or UK multinational. Vast experience of US employee benefits.

Reply Box A0855, Financial Times, 10 Cannon Street, London EC4P 4BY

TREASURY MANAGER

c.£60,000 + Package

Primary British Merchant Bank providing a complete range of Banking and Investment facilities worldwide needs a treasury expert to head-up their expanding team. The role will focus on the following:

- New product development and hedging techniques
- Enhancement of 'off balance sheet' capabilities
- Leading a team of talented traders.

The ideal candidate, aged 30-35, will be technically assured and have excellent communication and innovative financial skills to tackle this challenging opportunity.

For further information please contact: Carolyn Obbard.
18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

SENIOR DEALER
c£38,000

A foreign exchange oriented senior dealer with the potential to become Chief Dealer is sought by a small but expanding European bank.

MARKETING OFFICER
c£30,000 + Car

European bank with an expanding UK corporate portfolio seeks experienced marketeer (30-35) to join busy team.

FINANCIAL ACCOUNTANT
£NEG

Qualified ACA (25-35) with Big 8 experience and banking background is sought by new Scandinavian bank to oversee and develop the accounting function.

OPERATIONS MANAGER
TO £35,000

Senior position in European band for Manager with Foreign Exchange, Documentary Credits, Banking Services and computer operations experience.

ASSISTANT MANAGER PRIVATE BANKING £NEG

Leading International bank seek a young (c30) banker with expertise in investment products and financial planning full service to private customers. Extensive overseas travel.

MANAGER - CREDIT
c£23,000

Experience of analysis, evaluation of corporate, bank and country risk, control of facilities and overseeing loans administration section is required by this busy Scandinavian bank.

OLD BROAD STREET BUREAU LTD
STAFF CONSULTANTS
109 Old Broad Street, London EC2N 1AP. Tel: 01-588 3991

A challenging opportunity offering scope for early progression

SENIOR EXECUTIVE

Loan Portfolio Management

c.£27,-30,000 + performance bonus + car

Our client, a prominent international merchant bank, seeks a senior executive to be responsible for a section of the bank's loan portfolio.

We invite applications from candidates aged 27-35 who will have a background in both credit analysis and experience in loan management, probably as a junior loans officer. Initial responsibility will be managing part of the current portfolio ensuring the profitable deployment of the bank's assets.

It is envisaged that the successful incumbent will have early opportunity to progress into a key marketing role. The bank offers a highly versatile environment receptive to change and scope to inject individual style. An excellent salary to the level indicated above will be offered according to experience, together with a full range of banking benefits including, a bonus, company car and mortgage subsidy.

For further information please telephone Leslie Squires on 01-606 1706 or send your C.V. to him at Anderson Squires Ltd., 127 Cheapside, London, EC2V 6BU.

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A-Day

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The good, the bad and the ugly of Australian science

Chris Sherwell in Sydney explains how the country's premier research organisation is undergoing an unprecedented upheaval

SOMETHING unusual is going on at CSIRO, Australia's premier scientific research organisation. In the country's nawspapers it is gaining ugly headlines like "Directors dumped" and "250 axed". In advertising pages of glossy magazines it is billing itself as "CSIRO...scientists working for a better Australia".

For an organisation known for its quiet achievement of scientific excellence, such loud publicity is unprecedented. But CSIRO (the Commonwealth Scientific and Industrial Research Organisation), which spends one-sixth of Australia's estimated A$2.5bn annual research outlay, is going through an unprecedented upheaval.

The appointment of Neville Wran as chairman of CSIRO's board, late in 1986, stands as the most palpable symbol of this change. Wran trained as a lawyer, but was and is best known as a politician. He became the powerful Labor party premier of New South Wales for ten years until 1986, showing the way for Labor's remarkable resurgence nationally.

Before this time, CSIRO was basically run by a full-time executive of scientists responsible both for policy and administration. Now there is a board of reputable part-timers from diverse backgrounds – it includes a banker, a businessman, a trade unionist, a farmer and an economist as well as a biologist and a chemist.

The key figure, however, is CSIRO's chief executive, Keith Boardman. A biochemist, he was chairman and chief executive of CSIRO before the changes separated the two positions in December 1986.

In the lengthy and complex chain of responsibility which now extends from the Minister of Industry, Technology and Commerce at the top, through the Minister for Science and the CSIRO board, Boardman is the main link with the organisation's scientific institutes and divisions.

These, too, have been reorganised under the CSIRO restructuring. Where previously there were 41 divisions grouped into five institutes, now there are 32 grouped into six institutes.

The "Directors dumped" headline sprang from the new appointments made under changes which saw three of the five institute heads ousted.

According to Wran, the scientists now running the six institutes have been chosen for their management as well as their scientific skills. Although they report to Boardman, they can participate in board meetings when matters relevant to them are being discussed.

The new board, likewise, brings management style and skills to CSIRO as a whole, says Wran. Previous boards were talented, he grants, but they never "managed" CSIRO.

"They lived in a world where funding was a bottomless pit," he says. "We're bringing a sense of responsibility to the matters of revenue and expenditure."

The most painful consequences are being felt at CSIRO's rather splendid, modern head office in Canberra. It is here that the other headlines are being generated; a slashing of staff levels by 40 per cent has created anger among those affected.

Significantly, however, no scientists are involved because none of CSIRO's 100-odd laboratories and field stations is attached to head office. The organisation will anyway remain large – it has some 7,000 staff, of whom about 2,500 are scientists or engineers.

Indeed, the last thing the reorganisation is intended to do is undermine the importance of the scientists or their research. "Their brains are our only resource," says Wran.

Many believe the shift had become essential – that CSIRO had become an organisation of *scientists for scientists, under too* little pressure to produce. Boardman will not concede that CSIRO had lost its way, but he admits that "the balance might have gone the wrong way."

Certainly times had changed. When the organisation began its life 62 years ago as the Council for Scientific and Industrial Research, it worked for most of the period until 1950 in an environment of national crisis.

Being a kind of government-sponsored institute serving Australia's vitally important rural industries, it established a formidable record.

Most Australians are familiar with the story of how in the 1930s CSIRO scientists identified a cobalt deficiency to solve the riddle of a wasting disease which affected sheep and cattle.

After the war, too, it was CSIRO scientists who beat the perilous threat of rabbit infestation by introducing myxomatosis. CSIRO innovations also helped the wool industry survive the onslaught from synthetic fibres.

But as the organisation's historian, Professor Boris Schedvin, has said, in the post-war period "the feeling was that all you had to do was pour the money into science and the wealth would flow from the other end."

For the scientists this period brought a welcome escape from the national crisis syndrome and allowed CSIRO to concentrate on scientific principles. But over the years it appears to have entailed a drift away from national needs.

Now, with Australia suffering serious balance of payments and foreign debt problems, there is an over-riding need to encourage the processing of its traditional primary exports and to diversify its *export base through moves into* specific manufacturing sectors – in particular into high-technology areas where it can claim an advantage.

CSIRO's role is crucial in this. "We must add value to our rural and mineral products," says Boardman. "There is tremendous scope to enhance processing. Look at wool – most of it goes out in 'greasy' (raw) form. Growers are not interested in scouring. Our leather industry is a disgrace. Graziers get no additional reward for a good hide."

In manufacturing industry proper, Australia's chronically weak research effort must also be strengthened. In 1985-86, total research and development spending in the country was only 1.15 per cent of gross domestic product – beneath the level of 20 years earlier and sharply below the 2-3 per cent levels of other Western nations like Sweden, Japan and the US.

Within this, research spending by Australian industry has long been abysmally low. For one thing, foreign companies which dominated the sector did their research at home. For another, the protection afforded by tariffs and quotas was hardly an inducement.

This is changing, very slowly, as the Labor government under Prime Minister Bob Hawke promotes its policy of economic restructuring. Research spending *by industry has begun to pick up*, thanks to helpful 150 per cent tax concessions offered by the Government to companies conducting their own research and development (R&D).

The idea now is that CSIRO and industry should co-operate and align their research effort. CSIRO says it wants to retain its current levels of funding from the Government and to build further support on top of this by undertaking collaborative research with industry.

So ambitious has it become, it has set itself a target of securing enough additional funds from outside to cover 30 per cent of its total revenues within three to four years. Quite why it has chosen these particular figures is unclear, and there is some question as to whether targets will be achieved.

"Any increase in R&D for high-tech industries should not be taken from traditional activities," Boardman stresses. "That means increasing overall R&D spending. Which means the private sector must do more."

Recent examples of successful industrial collaboration include the development of the Sirosmelt process being used by the minerals giant MIM, steel research with another minerals group CRA, work with ICI to manufacture a new ceramic from zircon called partially-stabilised zirconia and the development of low-toxicity pesticides with Du Pont.

CSIRO has also worked with the Reserve Bank to create a plastic banknote which carries anti-counterfeiting devices.

Wran responds warmly to the notion that the new board's job is to keep CSIRO's feet on the ground. "It gives the organisation a focus, related to national needs. CSIRO seemed to have gone through its halcyon days, and to have become a bit stodgy. It had lost some of its public profile."

Hence the glossy magazine advertisements showing CSIRO's recent achievements. Hence also the organisation's colourful and informative annual report, a striking contrast to previous years.

"It's a deliberate attempt to lift the organisation's profile with the public," says Wran. "CSIRO is being asked to play a role in the restructuring of the economy. We want the public to appreciate the contribution CSIRO makes to the economy and to their lives."

This, together with the board's new lobbying power, should ensure CSIRO's future funding. Bureaucratically speaking, however, the organisation appears more rather than less complicated than before, which is unfortunate.

Both Boardman and Wran nevertheless remain adamant that worthwhile research activities and standards of excellence should not suffer by these expansive changes. After all, CSIRO's reputation at home and abroad stands or falls on this.

Wran, whose charm and charisma has won over many at CSIRO who were initially sceptical about his appointment, says the board will not be "picking winners."

He says the scientists will argue for the funds they want; and they will decide how they should be spent. The difference now is that they will have to give greater attention to priorities. In short, it is the scientists who will be trying to pick winners.

At one division, the number of continuing projects is already said to have been cut from around 100 to 16. Wran acknowledges that some good projects may have been axed in the process. But he says the time has passed when projects could be left uncompleted indefinitely.

Boardman is just as graphic. "There's got to be a balanced effort," he says. "We want to stay at the forefront of science. But we must have products rolling off the end of the line."

'Previous boards lived in a world where funding was a bottomless pit. We're bringing a sense of reality to matters of revenue and expenditure' — Neville Wran, chairman of the CSIRO

WORTH WATCHING

Edited by Geoffrey Charlish

GEC vehicle link runs far and wide

WIDE AREA private radio links, carrying speech or data between a company's vehicles and its offices, will be offered by General Electric Company (GEC) in the UK from April 6.

The network, called GEC National One, enables a company to have private, widespread radio contact with its truck, van or car fleet without the cost of buying and operating its own radio transmitters.

Initially, the network will extend from Horsham in the south to Burton upon Trent in the north, and from Colchester in the east to Newbury in the west. Most of the UK will be covered by the end of 1989. The system uses old TV frequencies in band three (174-225MHz).

Users do not have their own channel as in conventional private systems. Instead, the system is shared and the available channels are computer-allocated on demand. Calls are set up on special non-traffic channels and charging does not start until the call is answered.

About 90 interconnected radio base stations will cover the service area and a network database will keep track of the location of each vehicle with respect to the 90 transmitters, thus allowing calls to be set up automatically anywhere within the service area.

TV signals move to quick-fire information

IN CONJUNCTION with the BBC, Bishopsgate Terminals of Guildford is to offer a complete data broadcasting service in the UK.

Data broadcasting is a technique by which organisations use television transmitters to send data privately to large numbers of recipients. It makes use of transmission time spaces that are not required during the sending of TV programmes. Costs are inherently low since no land lines are involved and the transmitter network is already in place.

Potential users include travel agents, banks, retail chains and car distributors. But the service will attract any company that must send fresh information quickly to many locations.

Bishopsgate has set up the necessary communications, computing, hardware and software centre which allows users to obtain all the data services they need from a single source. Information originators will be able to transmit data to Bishopsgate in any form via the telephone network, leased line, telex or fax.

The new computer centre will store and format the information for onward transmission to BBC Datacast and immediate broadcasting. Charging is on the basis of the amount of information broadcast.

Philips, the Dutch electronics group, recently made a similar announcement in conjunction with Aircall and the UK's Independent Broadcasting Authority.

Why Finns are not skating on thin ice

ARTIFICIAL ice rinks with almost the same sliding properties as real ice can be constructed with plastic coated plywood made by Oy Wilh Schauman of Helsinki. The company believes the material opens up the prospect of year-round skating and ice hockey training without incurring high energy refrigeration costs.

The Wisa-Ice panels consist of 24mm thick birch plywood coated on both sides with 8mm of plastic, the formulation of which is not disclosed. The panels can be laid on any flat, hard surface at a price claimed to be about the same as the annual energy costs of a real ice rink.

Krupp tips machine tools to live longer

KRUPP WIDIA, the West German machine tool group, has developed a carbide cutting tool tip coated with zirconium nitride. It claims this gives a tip life twice that of other coated carbide tips. Because tool changing times are reduced, machine tools lie idle for less time and productivity is maximised, says the company.

The development also means that fewer grades of tip inserts need to be stocked by the user, because the new insert, called Widadur TZ15, spans almost three conventional coated carbide grades in its breadth of steel machining applications.

CONTACTS: GEC Communications Networks: UK, 0303 453833. Bishopsgate Terminals: UK, 0483 575751. Oy Wilh Schauman: Helsinki 12911. Krupp Widia: UK office, 0494 451845.

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(All first interviews will be held in London).

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ARTS

Television/Christopher Dunkley

Selling off franchises will lower the tone

Tha Government's scheme to anction ITV franchises to the highest bidders, as revealed to a startled world by my colleague Raymond Snoddy on the front page of the FT last week, will no douht please the Treasury. Certain free-market ideologues will also approve, presumably. But is there anybody – even the members of the Cabinet Committee chaired by Mrs Thatcher which, it seems, is responsible for the decision – who believes for one moment that if the idea were put into practice the result would be better programmes?

Conspiracy theorists will see this as the latest in a long chain of events: the ousting of Alasdair Milne from the BBC, the attack on television trade unions, the "packing" of the BBC board of governors, the Government sniping at BBC news and current affairs output, and the floating of the ITV companies on the stock market.

All this they will see as being designed to produce a radical change in British television, with public service obligations removed from the commercial side to allow for the maximisation of profits, and the BBC reduced to a public service rump, trotting out forelock-tugging news and current affairs programmes, to fill in the gaps where the commercial broadcasters cannot turn a penny.

Television began in Britain in 1936 and first reached a significant audience in the early fifties: it is a very young mass medium of which we have comparatively little experience. With the benefit of historical perspective our great grandchildren will probably conclude that the organisation and control of television in Britain during its first half century was anomalous because of the scarcity of the wavelengths needed for terrestrial broadcasting.

They may conclude that the peculiar British "duopoly" which developed as a result of that scarcity, with the BBC having exclusive use of the licence fee and ITV having exclusive use of advertising income, proved remarkably advantageous in programme terms. The BBC with an assured income could use internal cross-subsidy to produce a broad range of programmes from *Steptoe and Son* to *The Reith Lectures* with the popularity of the former guaranteeing the survival of the latter.

Similar box-and-cox arrangements have existed within commercial sectors of the arts, with the publication of profitable text books protecting the publication of poetry, or art dealers subsidising young talent while dealing in old masters. Television is different, however, first in terms of scale and consequently finance; and secondly because time is such an important element.

Tbe American experience suggested that if you constructed something like a free market in television during the scarce-wavelength period, minority programmes proved unprofitable. Even when enthusiasts inside the companies ensured that minority programmes were made, they were transmitted at unpopular times and, in a vicious circle, attracted even smaller audiences than they could have achieved.

The British system ensured that some minority programmes could be transmitted at peak times, thus maximising their potential, and when commercial television was introduced the same practice was extended by licensing a monopoly broadcaster in each region and imposing certain requirements. Series such as *World In Action*, *The South Bank Show*, and the main ITN news programmes were made mandatory by the IBA.

The result for British viewers was an array of programmes, transmitted at times when people were able to watch, which was richer and more varied than in most countries. There were tbose, bowever, who objected that trying to ram minority programmes down majority throats was nannyish and unfair: if after a hard day's work most viewers wanted to collapse in front of undemanding comedy or exciting drama, wby ebould tbey be forced to watch current affairs or arts programmes, however worthy?

Unless they are extraordinarily unlucky this sort of argumant should not affect our great grandchildren. For them wavelength scarcity will be an irrelevance and – thanks to programme distribution by satellite, cable and cassette, as well as transmitter mast and any other technologies which have cropped up in the interim – it should be possible to cboose virtually anything they want to see at practically any time they want to see it.

Contrary to the black propaganda about "Fifty channels of identical rubbish" parrotted by those who do not really approve of viewers being able to choose what they want, and who consequently oppose deregulation, the fact is that in those areas where deregulation has already occurred the diversity of programmes is greater than in Britain.

Thus it is not difficult to see how the present heavily regulated duopoly in Britain provides a remarkable richness and diversity, albeit within the constraints dictated by wavelength scarcity. And it is not difficult to imagine a deregulated system in the future which could bring considerably greater diversity. What is impossible to see is how the auctioning of ITV franchises in the interim can do anything but worsen the viewer's lot.

Anthony Andrews and Jeremy Irons: would ITV auctions mean no more "Brideshead?"

On *Weekend World* recently Andrew Quinn, managing director of Granada Television, said that if auctions were introduced there would be no more *Brideshead Revisiteds*. It should be said that *Brideshead* was made eight years ago, and ITV has not exactly been pouring out similar series since. However, there is still weight in what Quinn says: while there is a choice between paying profits to the tax man and working them back into programmes, the viewer is likely to benefit from better programmes.

But the auction system (whether the money is paid to the state up-front, or promised as a percentage of future income) will drive the ITV companies into maximising profits and minimising costs: the classic formula for lowest-common-denominator broadcasting.

In this as in so many other instances it is hard to avoid the feeling that few politicians give two hoots about programme quality, except insofar as their own image is affected: hence the rows over the bombing of Libya, the financing of the Zircon spy satellite, and the secret service. Thanks to Victorian arrangements in the House of Commons, designed to leave mornings free for MPs to attend Chambers or board meetings, politicians are habitually at their busiest in mid-evening while the rest of the population is watching television. Consequently they are abnormally ignorant on the subject of 'programmes'; a fact which becomes abundantly clear whenever there is a debate about broadcasting.

Ever since Kenneth Baker first introduced Margaret Thatcher eight or nine years ago to the idea of a new "Age of Information" succeeding the dying era of smokestack industry, it has been clear that the Cabinet is far more interested in television as a means of reducing unemployment, as a way of expanding business information, as a central element in electronic "convergence" along with telephones and computers, and as potential aid in the export of British technology, than as a programme provider. The fact that the British, although they may lag sadly in computers and telephones, have been world leaders in high quality programme production for 25 years, never seems to have penetrated Government thinking.

In the old BBC the fear used to be that a government obsessed by market ideology would one day relieve ITV of all public service obligations making it free to maximise audiences in the most cost-effective manner with game shows, soap operas and chat shows, and then restrict the BBC to filling in the remainder: analytical current affairs, education, religion and so on.

That has not happened, yet. But even those of us who cleave unwaveringly to the cock-up rather than the conspiracy theory of history must be struck by the extraordinary weight of straw now being carried on the wind. And for anybody whose primary concern with television is not political theory but programme quality, the plan to auction ITV licences looks like an airborne haystack.

Fennimore and Gerda/Bielefeld

Andrew Clark

Ever since *Fennimore and Gerda* was first staged in Frankfurt in 1919, there has not been a scrap of evidence to counter Beecham's damning jibe about "three rather dreary people who have nothing to sing." On paper, the work's lopsided shape – nine short scenes of static dialogue followed by two of different character and atmosphere – seems to make it inherently unstageable. On record, the English translation of the German original highlights the utterly prosaic quality of Delius's libretto. In performance, even the St Louis Opera, known for its rejuvenation of the off-repertoire, failed at the 1983 Edinburgh festival to provide any convincing argument in the opera's defence. Now comes a staging in Bielefeld which quite simply turns conventional wisdom on its head.

Bielefeld is the small industrial city south west of Hanover from which Delius's father Julius moved to Bradford in the mid-19th century. The 400-seat municipal theatre, since the turn of the century, has in recent years attracted a lively reputation through the work of the British stage director John Dew. His exploration of rare repertoire in unconventional stagings has attracted a much broader cross-section of the local population than is normally to be found in German provincial theatres; there is a real sense of the Bielefeld Theatre being a focal point of the community.

Behind the inert facade of *Fennimore and Gerda*, Dew unravels a sexual, emotional and psychological tangle, the key to which be finds in an adolescent homosexual relationship between Niels and Erik. This is alluded to, sometimes quite explicitly, in the occasional appearance of a silent actor miming the part of the young Erik, who haunts Niels's adult imagination throughout the opera. There is a large degree of licence here, but the opera thrives on it, and the approach is vindicated by the performance of extraordinary sensitivity and beauty which results.

Unlike Erik, who opts for a conventional marriage accompanied by boredom and booze, Niels sees every relationship – with the adult Erik, with Fennimore and later with the playful figure of Gerda – as a means of repossessing the unadulterated passion of youth, which his bond with the adolescent Erik represented. These fantasies prove to be a chimera, and we leave him alone at the final curtain staring blankly and unhappily into the void. Such an ending indicates an awareness of the nihilism of Jacobsen's novel on which the opera was based, without contradicting the letter of Delius's rather unconvincing "happy end." It provides a vital thread linking the opera's two disjointed episodes, revealing the two women as very much part of the same story.

Gottfried Pilz's abstract decor – a large upturned triangle overhanging the stage, surrounded by a backdrop to illustrate the changing seasons – was a highly aesthetic metaphor for Delius's nature landscape and the inner landscape of emotion; and the buttoned up period costumes threw into relief the turmoil going on beneath the elliptical conversation, bourgeois social graces and dreamy music.

Thanks to Dew's strong personal direction, the characters came to life with none of the wimpishness of the Delian stereotype – considerably helped by the German text, which circumvents the more obvious banalities in the English translation. As in the Berne production of *A Village Romeo and Juliet* earlier this season, Bielefeld has reunited Delius with the principles of Strindbergian theatre which so influenced his thinking about his later operas.

In such circumstances, the music sounds entrancing. The orchestra under David de Villiers caught the rapture and subtle nuances of the score, and in terms of pacing and balance, it was an exemplary performance. Only the pre-recorded chorus in the penultimate scene struck a jarring note. The additional use of the first two movements of the *North Country Sketches* as interlude material was, on balance, justified by the way they filled out the opera to a reasonable length and gave Dew a further chance to shape his ideas on stage. The woodwind themes of the two works have something in common, but there juxtaposition did underline the finer textures of the later work.

The cast was uniformly good – a fresh dramatic tenor in James O'Neal's Erik, another voice of well controlled largesse in Maike Pansegrau's Fennimore, and an attractive vignette from Linda Kemeny as Gerda. Dew lost his Niels a few days before the premiere, and so, accompanied by the voice of Herbert Adam in the pit, Dew himself ended up giving an exquisite mime of the part on stage.

A Doll's House/Derby Playhouse

B.A. Young

"A classic tale of suspense, blackmail and terror" is the description of Ibsen's play in the Derby Evening Telegraph advertisement. Blackmail there is indeed in Krogstad's threats to poor silly Nora, who dated her father's forged signature on an IOU two days after his death.

Terror, social rather than physical, attends Nora's threats of suicide and Dr Rank's imminent death from what I take to be the same kind of tertiary syphilis as afflicted that poor young man in *Ghosts*. As for suspense, Annie Castledine's direction makes the most of this, for her production lasts 3½ hours.

Luckily for her, the final encounter between Nora and her possessive husband Torvald is the most interesting in the play, even if Ibsen may be faulted for suggesting that anyone so steeped in childish weaknesses as Nora could, in a single evening, have become such a comparatively self-possessed woman.

Barbara Peirson's happily extravagant Nora grows up visibly in this scene, eliminating the sometimes over-childish moments of her early trivialities and excesses. She makes her final exit into the cold Norwegian air with neither gloves nor hat, but for this we must blame Miss Castledine.

Wyllie Longmore, her Torvald, is a Jamaican, and gives a performance so convincing that we may forget his Jamaican complexion within a minute. This is the right way to use actors from what are at the moment the racial minorities, and if they play as well as Mr Longmore we may hope for a notable increase in the ranks of fine actors.

The National Youth Theatre gave us a Henry V, of all people, played by a West African, and very good it was. So is this Torvald, a businesslike banker overcome with self-satisfaction at his kindness to his inferiors.

Mike Kenny is a tall Krogstad with a loud voice that he should lower a little in his scenes with

Barbara Peirson

Mrs Linde, for Liz Rothschild in that part has a small voice that she will have to sharpen up a bit when she works in the bank alongside Torvald, though she makes an authoritative presence enough against Nora. In his scenes with Nora, Mr Kenny is courteously sinister.

Dr Rank is adequately taken by David Sterne, and that adverb is not meant to be half-hearted – Rank is rather an extra character, to make him likeable enough to ensure that we regret his departure is enougb, and Mr Sterne is likeable throughout, though for most of the evening be is sitting behind the brown scrim wall between the Helmers' sitting-room and Torvals's office.

We have a curious set by Jenny Blincow suggesting thet the Helmers live in a first-floor flat. (Hence the party in the flat above, where Nora does her pretty vulgar Tarantella.) The street door is in what would anywhere else be the orchestra pit, and an outside staircase leads to the apartment. This gives some teasingly long entrances and exits.

The Helmers' sitting-room has enough doors for a farce, the chief being that into the office, that into the upstairs regions, if upstairs is where they are (we never even hear the children), and that into the hall, where we can see the main apartment door beyond through the scrim.

The translation is the ever-useful Michael Meyer, and consultation is acknowledged with Estelle Daniel, a Norwegian graduate.

New Images of Sound/Almeida Theatre

Paul Driver

The theme of "Text and Music" is a currently prevalent one: last week at the Royal Musical Association the Norwegian composer Arne Nordheim gave a lecture (whose insightfulness was in direct proportion to its casualness) on that subject as reflected in his own compositions; there is a forthcoming issue of the *Contemporary Music Review* devoted to the theme; and Richard Bernas's ensemble Mnsic Projects/London is in the middla of a series of concerts ("New Images of Sound 88") at the Almeida Theatre each exploring the relationship under a differeet rubric.

Modern music features in all three programme, but the texts of tbe works range widely over time. The earlier concert brought together words from the Romantic period and the so-called New Romanticism in music. The concert on March 14 will be a survey of settings of Joyce and Beckett. In between the Romantic and the Modern came the texts of Antiquity on Monday night: Bernas informed the audience that the Elliott Carter work being given – *Syringa*, wbose classical Greek texts (sung by a bass) are counterpointed with a John Ashbery poem (sung by a soprano) – gave him the idea for the whole series.

A parallel confrontation of ancient and modern took place in a short but admirably concentrated unfamiliar piece by Pascal Dusapin: *L'homme au liens*, in which two sopranos (Jane Manning and Susan Bisatt) strenuously projected fragments from Lucretius, while three violinists seemingly in and out of phase with each other added a sort of latter-day commentary, the combined effect being of expressive treble delirium.

The concert began with a rather pointless kind of delirium – the purely baboonish conseqnence of mnttering into a monthpieceless bass clarinet (Roger Heaton) while also trying to play it, as required by Vinko Globokar's *voix instrumentalisée*. Jane Manning, however, beautifully restored eloquence, civility and absolute precision in her renderings of Dallapiccola's *Cinque frammenti di Saffo* (I've never heard them quite so pungently fresb) and *Due liriche di Anacreonte*. Richard Bernas drew darkly ravishing timbres from the respective small and smaller ensembles.

The performance of *Syringa* whicb ended the concert was somewhat less successful. The bass Nicholas Isherwood, though he sang his furmidahle part bravely, was often a bar or two behind or ahead of the soprano (Jane Manning, redoubtable), and coping with the problem made still more burdensome the ensemble's task of imparting clarity and dramatic focus to a work which, like most of Carter's, moves frantically fast but is not frantic.

Parkinson photos at the Albert Hall

The Royal Albert Hall is to hold a special exhibition of the Royal photographs of Norman Parkinson to mark his 75th birthday. Running from March 20 to October 2, it will be part of the guided tour of the Hall, which was introduced in 1986.

Lortie's Ravel/Wigmore Hall

David Murray

On Sunday morning the French-Canadian Louis Lortie expounded half of Ravel's solo piano music at a Wigmore "coffee concert." The rest is to come next Sunday (ending with the composer's transcription of *La Valse*, which Lortie played dazzlingly in this hall after the 1984 Leeds competition). The best of this first instalment was superb, and brooked no argument; what was more arguable was only a shade too effusive and/or too slippery in pulse – small quibbles, but worth registering on Ravel's behalf for a musician of such great and sympathetic promise.

It was natural to begin with the famous early "Pavane," but not to deliver it *espressivo pesante*: Ravel would have repined (though he soon got fed up with it in *any* interpretation). The "Menuet antique" had the right chunky clatter, if not its full Chabrier swing. Moments of un-cool sentiment (usually with some loss of impetus) left slight smudges on the earlier movements of the *Sonatine*, but the final *Animé* was brilliantly stylish.

So was the Toccata of *Le Tombeau de Couperin*, in which Lortie's clarity, accuracy and exultant drive were phenomenal. So too in the Rigaudon: no complaint about his quirky disobedience in mid-piece to Ravel's prescribed pedalling. He made the Fugue marvellously transparent (a feat no easier than mastering the Toccata), and modelled the Menuet with faultless tact; the Forlane needed only a touch of pointed malice.

All three of the *Gaspard de la nuit* pieces inclnded some masterly playing, and yet left a provisional impression. The background filigree of "Ondine," too prominent here, didn't conceal the want of exquisite inflections in the melody-line; "Le gibet" was grandly conceived, but tiny rubato softenings undermined its glacial tread. Tha fearsome "Scarbo," often technically breathtaking, just failed to sustain its full dramatic momentum (or to suggest real sulpbur and brimstone). It was easy to imagine that on another day, Lortie will manage the whole work with resounding success.

Arts Guide

March 4-10

Theatre

LONDON

The Best of Friends (Apollo). John Gielgud makes probably his last appearance on the London stage as Sir Sydney Cockerell, a museum curator and friend of Shaw (Ray McAnally) and e remarkable abbess (Rosemary Harris). Hugh Whitemore's play shuffles e tripartite correspondence to provide Gielgud, eow 83, with a perfect vehicle. (437 2663, CC 434 3598)

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical. Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair.

Shirley Valentine (Vaudeville). Pauline Collins in fine and funny monodrama by Willy Russell of liberation for a Liverpool housewife on Corfu. Shades of Ibsen's Nora and Beckett's Winnie, with jokes. (836 9987, CC 379 4444)

The Phantom of the Opera (Her Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Dave Willetts has succeeded Michael Crawford as the Phantom. (839 2244, CC379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in e doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier). Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out in foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (928 2252).

NEW YORK

Fences (46th Street). August Wilson hit e home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221 1211).

Cats (Winter Garden). Still e sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of e rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert). The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Phantom of the Opera. The Majestic Theatre, stuffed with the Maria Bjornson gilded sets, rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London. But so hard are tickets to come by that travel companies are advertising packages to London with promises of tickets to see the show there. (239 6200).

Les Miserables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. But it has proved to be e durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor preferably British. (947 0033).

WASHINGTON

Mail (Eisenhower). A Broadway-bound musical delivers the post that accumulates and comes to life for e New York teacher after his escape in the mountains of Vermont. Ends March 30. (254 3670).

CHICAGO

Landscape of the Body (Goodman). John Guare's 1977 surrealistic view of an American family, combining mystery, murder and lyrical passages features Amy Elizabeth Geis, Ray Bradford and Gary Cole in Robert Falls' production. Ends April 2. (443 3800).

TOKYO

A Streetcar named Desire (Imperial Theatre). This could prove to be the theatre event of the year. Japan's most distinguished director, Yukio Ninagawa (whose Macbeth and Medea have triumphed in Edinburgh and London) has transposed Tennessee Williams' play from New Orleans to Tokyo in the aftermath of the Great Earthquake of 1923. One of Japan's finest actresses, Ruriko Asaoka plays Blanche Dubois. (201 7777).

Hanagumishibai in Princess Sakura's Storybook of Dawn (Parco Space 3). This all-male company was founded in 1983 and presents neo-kabuki, combining elements of the traditional theatre with modern jazz and dance. An interesting low-budget contrast to the expense and excess of Ennosuke. (477 5858) Ends March 10.

Me and My Gal (Takarazuka Theatre). Thirties musical, recently revived successfully in London and New York and performed here in Japanese by an all-girl cast. Takarazuka therefore represents the other side of the coin to all-male Kabuki. (201 7777)

The Seagull (Nissei Theatre). Moscow Art Theatre perform Chekhov's play in Russian. After e period of stagnation, the company founded by Stanislavsky and Nemirovich-Danchenko in 1898 is said to be undergoing something of an artistic renaissance under glasnost. (591 1905). Ends March 13.

Yamato Takeru (Shinbashi Enbujo). This staggeringly successful super-kabuki production by kabuki's greatest showman, Ichikawa Ennosuke, has already broken all the records that a new show can possibly break in Japan. The story is based on one of Japan's oldest legends but it is less important than the extrovert and highly theatrical bag of tricks that Ennosuke has concocted to make kabuki more appealing to a generation reared on rock music and action movies. Buy the English programme if you want to follow the twists and turns of the plot. (541 2211).

Kabuki (Kabuki-za). For kabuki of a more traditional kind Kabuki-za is the place to go. It celebrates its 100th anniversary this year and this month features Kana Dehon Chushingura, based on the story of the 47 loyal retainers. In two parts, et 11am and 4pm. Excellent English earphone commentary. (541 3131).

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Spy Society/Waterman's Arms

Claire Armistead

Under the suhtitle "Burgess, Philby and Maclean: tha musical," *Spy Society* opens up one of the more infamous chapters in the history of espionage and finds mucb to laugh abont. Bath's Natural Theatre Company have spent the last 17 years making light of the world: in this case they have produced a curious hybrid, part musical revue, part spy spoof and part pantomime, with a hearty singalong, every conceivable gag about homosexuality and much squirting of water pistols over an audience at Brentford's Watermans Arts Centre that wasted no time in getting into the party spirit.

The level of the humour is not unduly taxing. Natural Theatre maestro Ralph Oswick has produced a piece that mixes hoary old chestnuts with hoary new ones ("He's HIV," "You sure?," "Positive"), while Pat O'Connell studs it with musical numbers after Noel Coward, Cole Porter and *Beyond the Fringe*.

The bare bones of the plot emerge like a schoolboy prankster's answer to Julian Mitchell's *Another Country*. Our three heroes, in a biography by that well known lady hack Joan le Carre, endure the ravages of public school, where Battleship Potemkin could pass as a term of endearment for matron, to fall into the loving embrace of the KGB (Cue, love song: "feeling safe in the arms of my secret man"). They might have ended their days sitting dolefully in their *Moscow* apartment yearning for "all those little things" were it not for Miss le Carre's determination to write herself into the plot.

The energy, inevitably, comes from the performers – four in all, with Ellen J. Wilks devastating in a series of designer-KGB accents (she plays everyone who isn't conceivably Philby, Burgess or Maclean, at one point mutating before our eyes from a spymistress who likes to wear her stilettos on the toes of her shoes to a diaphanous Mata Hari). Simon Egerton, as Maclean, manages to play the grand piano well with a man and half a costume department apparently inside it, while Brian Popay and Trevor Stuart furnish a bunteresqne Burgess and an ice-smooth Philhy who can sneak The Red Flag into places it can guarantee never to have been seen before (not least into counterpoint with a cod latin school anthem). Pavel Douglas directs that rarity in fringe circles: a good, generally clean, evening's entertainment that does not pretend to be anything more.

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Crackdown on cartels

THE THATCHER Government's green paper on restrictive practices, published yesterday, deserves a warm welcome. The plan simply to prohibit agreements with anti-competitive effects will bring UK legislation into line with that of both the US and the European Community. It will ensure that companies are unable to avoid prosecution merely by the skilful drafting of agreements and it should facilitate private actions for damages. The proposed strengthening of the Office of Fair Trading's investigation and enforcement powers also marks an important step towards a more effective competition policy.

Lord Young, Trade and Industry Secretary, was right to reject an alternative policy, which would have been to ban only those agreements found to be "against the public interest." The green paper points out that a public interest test would require the competition authorities to take account of a range of extraneous factors. Such a "balancing act," it thinks, is unnecessary because "it is the promotion of competition which is at the root of the Government's economic philosophy". The clarity of the DTI's reasoning on restrictive practices only makes its determination to retain a public interest test in merger policy that much more difficult to comprehend. Why not take the view that the job of competition policy is to promote competition, full stop?

Letter of the law

The decision to prohibit anti-competitive agreements should greatly simplify existing legislation. It will no longer be necessary to maintain a bureaucratic register of restrictive agreements. The excessive legalism of the present code should be reduced as the competition authorities start to focus on the economic effects of agreements rather than on their precise legal form.

These changes make good sense, but their radicalism should not be underestimated. British businessmen are used to taking legal advice to ensure that they stick to the letter of the law and then doing more or less what they please. In future they will have to adhere to the spirit of the law or else face quite severe penalties. Lord Young is suggesting that the OFT – or a successor body – should routinely be able to impose fines of up to 10 per cent of turnover; even bigger fines would be available on application to the Restrictive Practices Court, which would be retained as an appeals body.

Admirably tough

The Director General of Fair Trading and his officials would also be granted rather un-British powers of search and entry. On "reasonable suspicion of a breach of the prohibition," they would be able to enter premises without warning, examine the books, take copies and extracts, and demand instant oral explanations. There would be severe penalties for obstruction of an investigation and failure to comply with requests for information.

This all sounds admirably tough. But the new laws will not be effective unless the Government changes its attitude on "exemptions" to restrictive practices legislation. The old laws have been ineffectual, partly because of the concessions granted to many sectors. An annexe to the green paper lists 43 separate exemptions, ranging from agreements concerning the marketing of eggs to long-established restrictive practices within the professions. It is essential that competition laws are applied uniformly across the economy; indeed, their strict application within service sectors, including the professions, is especially important because they are subject to much less international competition than manufacturing industry.

The modernisation of restrictive practices legislation proposed by Lord Young should improve the efficiency of the economy in the long run. The main cause for regret is that different aspects of competition policy have been analysed in isolation. The Government has not, for example, reviewed anti-competitive practices by individual companies, as opposed to collusive agreements between several. It appears to have applied different principles in its review of merger policy. It has not discussed at all the relationship between competition policy and industrial policy, under which heading the Government sometimes actively encourages industrial collaboration. The piecemeal reviews have been useful but they have not been an adequate substitute for a wide-ranging analysis of all aspects of anti-trust policy.

General Noriega boxed in

GENERAL Manuel Antonio Noriega, Panama's military strongman, has consistently outsmarted his opponents and for almost a year has successfully fended off a host of US-backed moves to oust him. However, his days are now numbered. The only imponderable is whether the General, boxed in on all sides, will go down fighting or will manage to negotiate his exit without a bloody showdown.

His apparent permanence in power – he has just installed the third figurehead President since 1984 – has become profoundly damaging to his country and an embarrassment to most of Latin America. His military-controlled Government, operating through a system of rewards and threats, cannot truthfully be labelled a dictatorship. Yet his regime is besmirched by corruption and involvement in the drugs trade.

These ethical considerations were long ignored by the Reagan Administration which regarded Gen Noriega and the Defence Forces as the most effective guarantors of the very considerable US interests in Panama. Two years ago Washington began to shift its attitude towards Panama, recognising that the persistence of the military's stranglehold on power risked destabilising the country and complicating the delicate period leading up to the hand-over of the Canal, due at the end of the century.

Useful to CIA

Once the Reagan Administration decided Gen Noriega was no longer their man – and he had been extremely useful, especially to the CIA – his legitimacy within Panama waned. He can still claim the backing of the Defence Forces, the only ones with guns in Panama apart from the US troops based there. But in the past few days his position has become untenable. The banks have been closed since last Friday because of a run on deposits and as a result of court orders in the US blocking the transfer of funds.

The US courts seem more than willing to accept on an interim basis that Mr Eric Arturo Delvalle is still President, even though he was ousted two weeks ago by Gen Noriega and a new President installed on the same legal basis as his predecessor, himself appointed by the General. This means that all funds due to the Government of Panama from abroad are liable to be denied Noriega's representatives in favour of Mr Delvalle.

National flavour

Lack of money in Panama's dollar-based economy is rapidly bringing all economic activity to a halt. At the same time the business-led protest, the Civic Crusade, directed against Gen Noriega and the influence of the military, has finally acquired some political muscle after nine months of ineffectual opposition.

A broad-based coalition was formed this week, bringing together all the main opposition figures, many of whom had previously kept their distance from the Civic Crusade. The great weakness of the crusade has been its support base, confined to the middle class, and the over-enthusiastic manner in which Washington embraced the movement as a vehicle to remove Gen Noriega. Opposition, although US endorsed, now has a more national flavour.

Panama is the one country in the Central American isthmus where the US can genuinely claim to have strategic interests. But it has gone about preserving these interests in a clumsy way. Far too much attention has been devoted to getting rid of Gen Noriega at the expense of building up a viable alternative government where the military are subordinated to the civilians. He has become a figure of hate. Furthermore, the Reagan Administration, by bringing drug charges in the US and hinting at an international arrest warrant, has pushed him into a position where he has few possible exits.

So far there has been little bloodshed, with both sides measuring their respective strengths. Gen Noriega should realise that his time is up, but he can only be encouraged to step down if an escape route is made available. The newly created opposition grouping must come up with such an offer and the US must be prepared to play a constructive part.

James Buchan and Nikki Tait assess WPP's efforts to revitalise the US advertising group, J. Walter Thompson

Moving out of the glass palace

MR BURTON MANNING, the new chairman of J. Walter Thompson, was recently visited by an old client in his modest sixth-floor office on Lexington Avenue, New York. Mr Manning explained that he had rented out the old chairman's suite, a vast box three floors below nicknamed the Glass Palace, to drum up some revenue at the advertising agency. No disrespect was intended, he added.

"I'm gratified," said the client. "Finally, you are running yourselves like a proper business."

This should be music to the ears of Mr Martin Sorrell, the English accountant who bought the brilliant but profligate US agency along with a clutch of corporate service businesses for $566m (£311m) last June, making his hitherto small company, WPP, the fourth largest advertising agency in the world.

It should be just as welcome to the City's financial institutions, which last year took up a £213m issue of shares to finance the bid for JWT, one of the top five US agencies. Since WPP brought relatively few assets or clients to the merger, the City has been gambling wholly on his ability to make a "proper business" of the advertising agency and its sister operations, the Hill & Knowlton public relations company, an up-market Manhattan advertising company called Lord, Geller, Federico, Einstein and the MRB market research organisation.

It is a tall order, even for a man who impressed both London and New York as finance director of the Saatchi organisation in the early 1980s. Saatchi & Saatchi itself has not found it easy absorbing Ted Bates, the third ranking US agency it acquired in 1986 to make Saatchi's the world's biggest advertising group. As Mr Sorrell says disarmingly: "It is not a question of financial control. I can't, nobody can, control a multinational company."

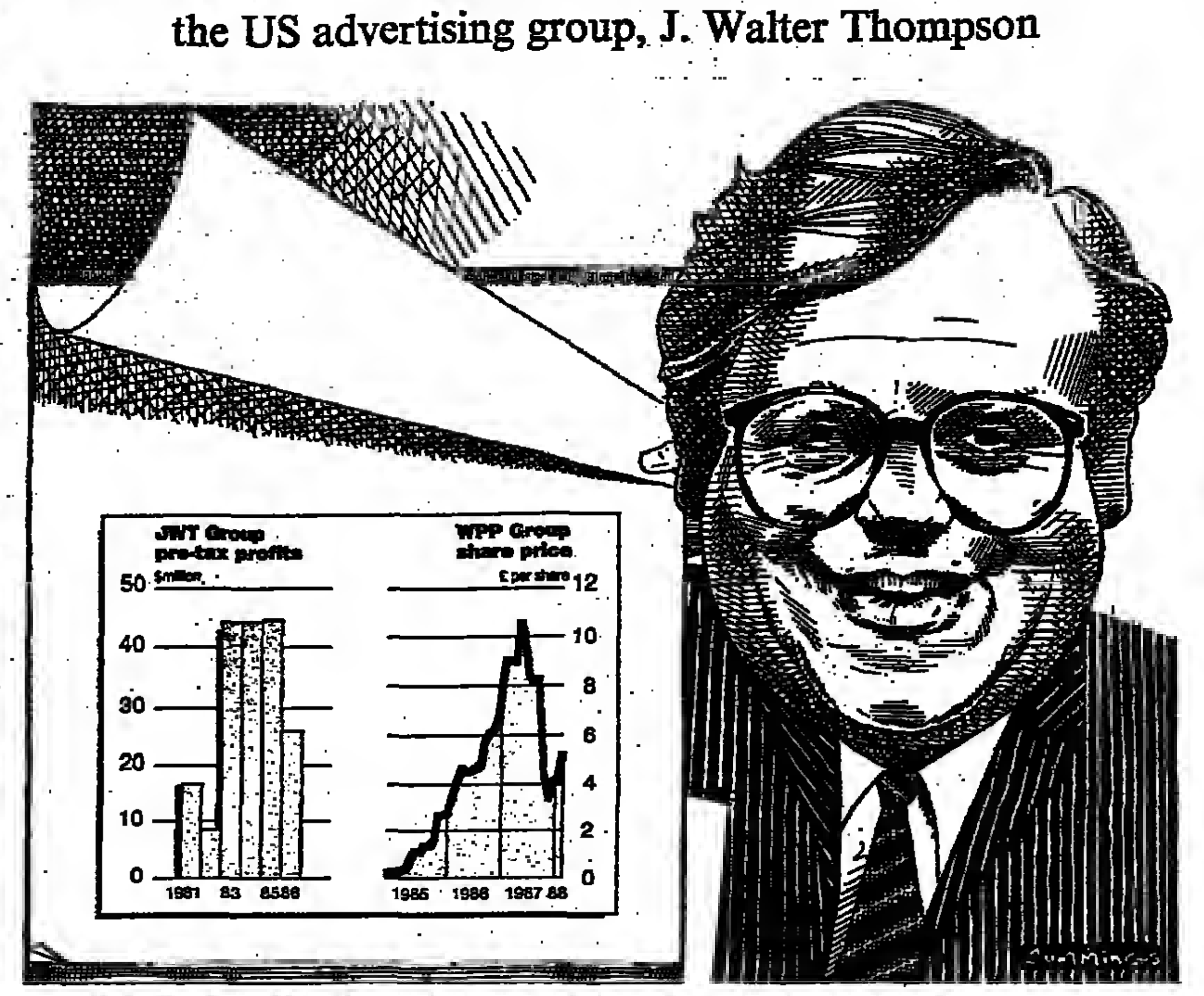
After eight hair-raising months, during which big clients and key employees quit the business in disgust, the stock market crashed and the City saw its investment more than halved in value, there are signs that Mr Sorrell's undemonstrative financial management is beginning to work.

Last week, WPP reported profits for last year which were at least £1m more (at £14.1m) than anybody in the City or on Wall Street expected. Though the advertising agency lost $120m in net billings when the likes of Burger King, Goodyear, Sears Roebuck and PepsiCo withdrew accounts, fees and commissions or revenues at the JWT companies were 8.5 per cent ahead at $700m. "Things have bottomed out and are starting to rebuild," says Ms Emma Hill, an analyst at Wertheim Schroder who is one of Mr Sorrell's leading admirers on Wall Street. WPP stock has recovered from its low point last year.

But on Madison Avenue, which admires advertisements more than profits, there is still unrest. Everybody has a good word for Mr Sorrell's tact. But this is soon buried in resentment at lost perks, anxieties about the quality of creative work and gnawing fear about unstable accounts. In a chatterbox industry, the rumours run thick and fast, with little regard for truth: pay is being frozen, Lord Geller is for sale, Ford is putting its account up for grabs, the rumour mongers say. Executives swap glum, but heroic, tales of economy-class air travel.

"Here is a company," says Mr Greg Ostroff of Goldman Sachs, "which was top of the charts for service and account handling and bottom of the charts for profits. The key question is: can Martin change this entire corporate culture?"

The group Mr Sorrell bought was in a mess even before a crisis in top management a year ago forced the sale of the company to the highest bidder. J. Walter Thompson and Hill & Knowlton to all intents invented their respective industries, JWT in 1864 and Hill & Knowlton in 1927. But by the early 1980s they had lost their Number One positions, were overstretched internationally and were ludicrously unprofitable.



Martin Sorrell: rebuilding JWT but "the professional side is very much the preserve of the people running it."

At JWT, billings were often long overdue, staffing was excessive, finance directors came and went and the agency was beset by scandal. Mr Manning, a self-styled "creative man" who ran the US agency for a period in the early 1980s, is credited with improving profits as well as restoring JWT's reputation for good advertisements. But in 1986 he left, after losing in the management succession. Profit margins fell again, to 4 per cent or under half the industry average. "JWT was the financial joke of the industry," he says.

At Hill & Knowlton, things were little better. The company, which had functioned relatively well as a tight-knit partnership in a fast-growing market, began to run into tough competition from new entrants just as it became part of the JWT group in 1980. "I suppose a lot of sloppy practices came over the fence," says one former executive. "There was anarchy, rivalry, little fiefdoms all over the place."

In 1986, the company lost $4m on revenues of $104m, thanks to poor management, big US acquisitions and unprofitable empire-building in Europe. The company had 50 offices scattered in 19 countries. "We had six different systems for transferring business round the world," says Mr Robert Dilenschneider, who took over at the helm in early 1986. "The plumbing of the business was all wrong."

Even at Lord Geller, a firm with a high creative reputation, things were far from perfect. The company derives a large part of its $250m in billings and a larger percentage of its profits from its advertising for IBM's personal computer, but IBM has been losing whole tracts of this market to imitations and imports. Though the account is not thought to be seriously at risk, "everybody's really nervous," says an account executive. "Without IBM, this agency would close."

Despite these problems, Mr Sorrell has moved gently with the JWT companies. He insists, more mildly but no less clearly than the executives in New York, that he is not in the business of public relations or writing advertisements. "The philosophy is very much church and state," he says. "The professional side is the preserve of the people running it."

Mr Sorrell's first action was to bring back Mr Manning and to confirm the three other chief executives – Mr Dilenschneider, Mr Dick Lord and Mr Frank Stanton at MRB – in their jobs. What Mr Sorrell calls a "mild reorganisation" abolished the old JWT group structure, which merely imposed advertising men on the non-advertising businesses, and replaced it with direct reporting to WPP. The New York executives often find their first telephone call of the day is to WPP in London.

The next stage was to agree a new set of targets with each of the four chief executives. Mr Sorrell says that unlike the old JWT group, which kept making and revising five-year plans, the targets are for only two years ahead.

At the advertising agency, which remains the key to WPP's success, Mr Manning says: "I told him that I was not going back to Thompson just to be the butt of jokes. I said I would get the profit margin up to the average of the publicly held agencies within three years, which is 10-11 per cent at the pre-tax level. If you over-achieve in profit in this business, you get killed by the competition, but we can certainly make the average and that will give WPP a very good return." The current margin has crept up to 6.5 per cent.

With the new targets has come a regime of relative financial stringency. Capital is rationed more tightly. By imputing a rental charge to each business, even if it operates out of a freehold property, WPP has forced the companies to consider whether they really need space like the Glass Palace and has freed properties, such as JWT's office building in Tokyo, which can be turned into cash for debt repayment. Mr Dilenschneider has closed a number of small offices, including Geneva, Bonn and Hamburg, which, he says, were never going to generate enough business.

The central WPP staff consists of only 22 people, divided between London and New York, with three main tasks. The first is monitoring the operating businesses. The checks are rigorous by the free and easy standards of Madison Avenue: each profit centre reports its cash balances daily, its weekly receivables, its monthly profit statements and so on. Mr Sorrell says he sees everything.

WPP also oversees mergers and acquisitions in each business and potential cross-fertilisation between the companies. It is responsible for managing the $260m debt it took on to buy the JWT group. Better control of working capital has cut $60m off this total and four property disposals are lined up which should realise over $100m after tax, including, most significantly, the Tokyo building.

The firmness of Mr Sorrell's hand on the financial tiller has been evident throughout. Within four months of completing the JWT acquisition, for example, WPP had rearranged the $260m financing facility from Samuel Montagu and Citibank, agreed at the time of the bid, through S. G. Warburg. By securing part of the new loans against the Tokyo freehold and negotiating lower rates, WPP pruned $3m off its annual borrowing costs.

By the standards of a leveraged takeover in the US, WPP is in a comfortable financial position. Any of the competing bids for JWT which involved just junk bonds and no shares would have forced a partial liquidation of the company, Mr Manning explains. "Martin Sorrell does not need to close offices or chop professional staff or sell off businesses," he says.

One key factor in the culture change may lie in rewards. Certainly, the emphasis is switching towards a closer link between executive compensation and financial performance. WPP's direct involvement in this process is largely at the chief executive level, where Mr Sorrell says that the performance element in pay packets is now "very significant." Tight targets are favoured, but he expresses a dislike for rigid systems. "Obviously, there is a difference between someone who under-performs by 1 per cent or by 10 per cent," he says. The way in which performance-related pay is introduced within the four operating subsidiaries is up to Messrs Manning, Lord, Dilenschneider and Stanton.

Plans are also afoot for extending a WPP share option scheme to cover, perhaps, the top 10 per cent of the enlarged group's 10,000 employees. The matter is under discussion with the UK institutions' investment protection committees, but Mr Sorrell stresses that the successive grant of options would be closely linked to an individual's continuing performance.

Nevertheless there are big problems ahead. The industry thinks the worst account losses are behind JWT. "Every client that was sitting on the fence about JWT's advertising found the change of ownership a good time to leave," says Ms Hill of Wertheim Schroder. But morale is still poor at the New York and Chicago offices where the defections and job losses have been most severe. The loss of Ford's European business is taken as a warning to JWT that the huge US account does not belong to the Detroit office as of right. "Ford is watching and waiting," says Mr Ostroff of Goldman Sachs.

Yet it is a measure of WPP's success that Wall Street and the City are beginning to wonder what Mr Sorrell will do once JWT and Hill & Knowlton have been knocked into financial shape in a year or two.

The New York chief executives are all ambition. "My aim is not profitability, though Martin's may be," says Mr Manning. "Profit is an effective measure of how you are doing as a business person, but I want to restore JWT to making the most distinctive advertising in the market."

Mr Dilenschneider says: "There's a tremendous market for public relations all over the world and it will go to the people who can offer it on a global scale." And Mr Sorrell himself admits: "You can only cut costs once."

OBSERVER

Life after Goodison?

■The Stock Exchange stakes looks as if it will match the American presidential race in duration. Without all the runners it is perhaps too early to speculate about who will succeed Sir Nicholas Goodison as chairman. That is not stopping the brokerages, however, so it might be worth looking at a few possible entrants as well as the non-starters.

Early favourite is Graham Ross Russell, wearing the colours of Laurence Prust. As one of the two sitting deputy chairmen of the exchange he seems to be in the right place at the right time and if the conditions are good he could go all the way.

Conditions at present seem favourable because a solid candidate is desired to guide the Exchange through the changes wrought by the Financial Services Act.

Andrew Hugh Smith of Capel Cure Myers is strong second-favourite in his powerful role as chairman of the property and finance committee and he may well prove the better finisher.

Those seeking longer odds could note that there is no *de facto* assumption that the deputy should succeed the chairman. He is elected for two years, serves his time and then makes way for someone else, and there are plenty of ex-deputies in the field. Peter Wills of Sheppards Moneybrokers and Patrick Mitford-Slade of Cazenove immediately come to mind.

The fact that the council elections themselves are not until later in the year means there are still names to go into the pot and, intriguingly, there may be room for a few runners from overseas to challenge the British stables. Stanislas Yassukovich of Merrill Lynch, the other deputy chairman, could well have been a strong contender had he not become chairman of the Securities Association and, who knows, he could still switch races.

The idea that a foreigner among the ex-International Securities Regulatory Organisation new boys could get elected is dismissed in most quarters as almost as ridiculous as speculating on a filly and there is none of those. Not yet at least.

The housewives' choice at present appears to be Steven Raven although if he were in the running he would appear to be carrying too great a handicap since his resignation from County NatWest leaves him without a stable.

Among the likely non-runners are John Robertson (about to leave BZW), Tim Edwards of Kleinwort Grieveson and Keith "Quality of Markets" Goldie-Morrison of Keith Bayley Rogers. The field of retirements is expected to swell as the elections draw near. The problem is that the Stock Exchange stakes has lost much of its glitter. But then the Grand National has never been the same since Red Rum retired.

A peeling job

■After fifty years of fruit importing, Geest has become expert at sliding the right man into the right job. But the new executive in charge of its banana activities will have to watch his step. His name is Mr A.K. Slipper.

Insider tips

■Ivan Boesky, the insider trader who is about to start a three-year jail sentence, has got some timely advice about life in a white-collar prison from John Ehrlichman, the White House official who served an 18-month sentence after Watergate. In a letter published in the March issue of Manhattan Inc, Ehrlichman provides tips ranging from good prison jobs (the sewage works sought after because you live on your own) to the virtues of celebrity status (threaten a press conference).

Legal work for other convicts is best done "without expectation of reward", he says.

Boesky's worst problem, Ehrlichman writes, is that he is an informer and snitches are not popular. His advice: "Hold out for a comfortable little nest away from any prison, perhaps on a military base."

"I merely asked if you had any Brooks Brothers shirts in stock yet?"

Animal farm

■Those who believe the world of the financial markets resembles a menagerie at times can find comfort in a dictionary of the nonsensical terminology that has evolved there in the recent past.

Whereas once there were simply bulls and bears, the Big Bang has spawned its own language, so much so that Pepper Angliss and Yarwood, chartered surveyors, has felt it prudent to publish a guide for its staff and clients. Now they can use killer bees armed with shark repellent or porcupine provision to defend possible takeovers. Even if they are dealing with a cash cow they should still watch out for an alligator spread.

Railway lines

■British Rail's Inter-City route between King's Cross and Leeds has developed a character of its own in the past year or two. The most striking feature is the way the class system manifests itself among passengers.

This has nothing to do with the English class system, of course. Aristocrats and commoners are quite likely to travel together if they have bought their own tickets. First class is almost entirely composed of the company class travelling on expenses.

Whereas one identifying feature of the second class is the high proportion of T-shirted teenagers annoying everyone else with the white noise from their personal headphones, the first class has an equal proportion of equally annoying personal telephones. These are used not so much as an essential item as for effect.

Those unfamiliar with the run can be caught out – like the executive who chose to call Canada the other day as the train headed north out of Grantham. What he didn't know and what the rest did, but were not telling, was that the train ran into a tunnel just two miles up the line.

Then there was the ultimate in one-upmanship when an executive using his radiophone asked his contact to hold on until he answered another in his bag. He explained afterwards that he worked as a tester for a telephone company but the damage had been done and he had to suffer an engaged tone from his fellow passengers for the rest of the journey.

Word game

■Has anybody noticed that The Social and Liberal Democrats is an anagram for Liable to scandal, to dream riches?

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Air France	08.00	08.20	Eurocity	08.15	10.30
Air France	11.00	11.20	Brymon	09.00	11.20
Eurocity	11.00	11.15	Eurocity	12.00	14.15
Air France	12.00	12.20	Brymon	12.00	14.20
Air France	15.00	15.20	Eurocity	15.45	18.00
Eurocity	15.00	15.15	Brymon	16.00	18.20
Eurocity	18.30	18.45	Brymon	17.00	19.20
Air France	19.00	19.20	Eurocity	19.15	21.30
Air France	20.00	20.20	Brymon	20.00	22.20

FROM BRUSSELS (NAT)			TO BRUSSELS (NAT)		
Monday to Friday			Monday to Friday		
Airline	Dep.	Arr.	Airline	Dep.	Arr.
Sabena	08.25	08.35	Eurocity	09.15	11.20
Sabena	11.50	12.00	Eurocity	15.30	17.35
Sabena	18.05	18.15	Eurocity	18.45	20.50

Time tables for Amsterdam, Rotterdam and other European destinations to follow shortly.

For bookings and details of weekend flights call:

Air France & Brymon (Paris) (1) 4535-6161
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A MOWLEM ENTERPRISE

Maggie Urry examines book selling in the UK now that price agreement is in doubt

The march of the multiples

THE DUST of ages is about to be blown off the UK book retail trade. If value added tax is not imposed on books in the coming budget, it seems likely it will be during this Government's lifetime, thus stirring what is now a gentle breeze of change into a gale.

Book selling in Britain is still fragmented – apart from W. H. Smith, no retailer has more than 10 per cent of the book market and few have more than 5 per cent. Although multiples, such as Sherratt & Hughes (part of W. H. Smith), Dillons, Hatchards, Hammicks and Waterstone's, are expanding and acquiring shops, independent book retailers still have a majority share of the market. Elsewhere in retailing, large chains take a dominant market share.

Possibly the most important reason why the revolution in other retail sectors has largely passed books by is that books are one of the few categories where resale price maintenance is still in force. This device, whereby the manufacturer sets a price which retailers must charge, was gradually abolished in the 1960s leading, for example, to the growth of supermarket chains. Self-service grocers could cut prices and build volume. As they grew they could demand ever larger discounts from manufacturers.

In bookselling, resale price maintenance prevails in the form of the publishers' net book agreement: the book's publisher sets its selling price and the retailer is unable to offer it at a discount except in carefully defined circumstances.

In 1962 the Restrictive Practices Court examined this agreement, in existence since January 1 1900, and found that it operated in the public interest. The Publishers Association argues that it promotes "an orderly and healthy trade in which booksellers could afford to stock a wide range of titles, secure in the knowledge that they would not be undercut on the best-selling, quick-selling titles."

Now the threatened imposition of VAT – originating in the European Commission's aim of standardising VAT rates and the products which bear it throughout the EC – could trigger the end of the agreement. According to Mr John Hyams, president of the Booksellers Association, if books attracted the 15 per cent VAT rate imposed elsewhere in the UK "it would be extremely difficult to hold the net book agreement."

He points to evidence that there is so little price elasticity in the demand for books that a 15 per cent increase in the price would mean a 15 per cent fall in the market. That in turn would force publishers to cut print runs, with the result that unit costs would go up and book prices would increase again. A 15 per cent VAT rate might result in a 22 per cent price rise, Mr Hyams estimates.

Booksellers' profit margins would shrink and the larger groups would inevitably put pressure on the publishers to allow price cutting in an attempt to regain volume. The net book agreement would be smashed.

Despite the Restrictive Practices Court ruling and the vociferous arguments of publishers, the contention that the end of the net book agreement would be bad for book buyers is not clear cut. Without the agreement, prices for popular books would certainly be lower and book sales should increase.

Publishers themselves have choked off demand for books by raising prices far faster than inflation during the 1980s, according to a report on the book retail trade produced last year by Arthur Young Management Consultants for the Booksellers Association. Book buying has been virtually static in a period when other consumer goods have shown strong volume growth.

The Book Marketing Council, part of the Publishers Association, estimates that book sales in the UK totalled around 450m units in 1986, less than nine per head of the population. Mr Frank Brazier, chief executive of the retail division of Pentos which owns the Dillons and Athena chains of bookshops, points out "the number of books bought per capita in England is far lower than in most Western countries."

Book buyers are deterred, says Mr John Richards, retail analyst at brokers Wood Mackenzie, because "bookshops are seen as elitist and middle-class and are an alien environment."

An important argument for the agreement is that it ensures that a wide range of books are published. However, many retailers, and privately publishers too, agree that there are now far too many titles on offer. The agreement protects publishers who know that books which do not sell cannot be discounted for a year, and then only with their agreement and under the remainder system.

The Monopolies and Mergers Commission's recent report on book clubs says that 10 years ago the number of new titles published each year was around 27,000 with another 8,000 reprints or new editions. In 1982 the figures were 38,000 new titles plus 10,000 reprints, and in 1986 the total was more than 44,000 new titles and more than 13,000 reprints.

It is hard to believe that the quantity of books being published is giving customers a greater choice, given the duplication of books on the same subjects. Or that there are 17,000 more worthwhile books written in a year now than 10 years ago. According to one bookseller, "it is absolutely outrageous that books are price maintained. The idea that pearls of literature would be lost if the agreement went is nonsense. If something is worth publishing it will be published."

The other question is whether ending the agreement would reduce the range of books within each shop as well as the number of bookshops. On the one hand, Mr Malcolm Field, managing director of W. H. Smith, says: "The net book agreement is a good thing for the book trade. There are lots of small book retailers giving a very good service." On the other, Mr Brazier of Pentos says: "We are in favour of it disappearing. It would help in sell more books."

Mr Stewart Binnie, managing director of Hatchards which is owned by William Collins, the publishing group, does not think his range of books would shrink if the net book agreement disappeared. "Our strategy would be to remain largely price competitive on the popular titles and make money by selling a wide range of books at full price."

Tha fear among booksellers is that increased volume would not make up for thinner margins and profits would decline, causing some shops to go out of business. But while Mr Field points to the lower profitability of the US book discounters, Mr Tim Waterstone, head of the Waterstone's chain of shops, says he expects to improve his bottom line if the agreement goes.

Mr Alex Turner, principal consultant at Arthur Young, who was in charge of the book retail project, comments: "It is undoubtedly true that a lot of people in the book trade are not in book selling to make money but because they love books." However, he predicts that it will be difficult for bookshop owners to stick with an amateurish approach in the 1990s and forecasts that while some will prosper, perhaps 200 or 300 will go out of business.

The chains are in the best financial position to open new larger stores stocking a wide range of books to attract the public. They are also able to open for long hours and on Sundays so that customers can shop at leisure.

Mr Terry Maher, chairman of Pentos, says that the £2m refurbishment of the Dillons store in Gower Street, London, had spectacular results – sales doubled. Last November, Dillons opened a shop in Oxford, the stronghold of Blackwells, another growing chain.

Mr Maher argues that there is room for two bookshops in Oxford because: "New bookshops are not just competing with existing bookshops; they are competing with other retailers of consumer products for a larger share of consumer spending." Mr Tony Stafford, chief executive at Blackwells, seems to agree. "Dillons has hardly affected us. I believe that if there are more bookshops it broadens the market for everyone."

Retailers agree that there will always be a place for independent bookshops offering a higher degree of service, paid for by higher prices; or occupying specialist niches in the market.

So, it looks as if the multiples will dominate the book market in the 1990s – and that is the price that may have in be paid for a healthier book trade.

UK economic policy

The education of Chancellor Lawson

By Giles Radice

IN THE 1970s, Nigel Lawson and I were colleagues on the old general sub-committee, the forerunner of today's Treasury and Civil Service Select Committee. We used to watch the burly, self-confident and pragmatic Labour Chancellor, Denis Healey, as he wrestled with the problems of the British economy. Now, at the tail end of the 1980s, the vicissitudes of political life find me back on the Treasury committee, watching another burly, self-confident and, to my surprise, increasingly pragmatic Chancellor.

I remember Nigel Lawson as the fervent monetarist, converted from his 1960s belief in Keynesianism by the excesses of the Barber boom of 1972-73. In 1980, as Financial Secretary, he was architect of the medium-term financial strategy, the bible of monetarist orthodoxy. The MTFS was designed to break with the past. Demand management was to be abandoned and the new policy objective was to concentrate on reducing the growth of the money supply by controlling the monetary aggregates and cutting public spending. Domestic and international markets were to be freed of all artificial barriers. All attempts at international economic management or co-ordination were to be eschewed.

In 1988, things are very different. For one thing, it has proved almost impossible to measure the money supply. The Thatcher Government has successively announced different definitions – M3 (in 1980), M1 (in 1982), a redefined M3 (in 1985) and M0 (also in 1985). All have proved inadequate. For example, sterling M3 has expanded by between 20 and 25 per cent over the last few years, while even the narrowly defined M0 has been at the top of its target range. What is more, the connection between growth in the monetary aggregates and the rate of inflation has proved hard to discern. As Mr Lawson, with characteristic insouciance, told the Lombard Association in April 1986, "no economic relationship is perfect."

With respect to interest rates, Financial Secretary Lawson emphasised the role of markets. By 1987, Chancellor Lawson was announcing to the Treasury select committee, in his grandest manner: "When I think they (interest rates) ought to go up, they go up and when I think they should come down, they come down." Mr Lawson also used to argue that cutting public spending and reducing the public sector borrowing requirement would lead to a fall in interest rates. Yet, in 1988, with the lowest PSBR as a percentage of gross domestic product for nearly 20 years, interest rates remain higher in real terms than in many countries.

The reality is that, in the revised Lawson strategy, the level of interest rate is not only a key element in the Government's anti-inflationary strategy, but is closely linked to the exchange rate. Policy on exchange rates has also changed remarkably. In November 1980, Mr Lawson told the House of Commons that the exchange rate was determined by market forces and not by the Government. By 1987, he was castigating markets for their "wild gyrations", extolling the merits of a stable currency in keeping "domestic monetary policy on the rails" and controlling industrial costs, and preaching the virtues of "managed floating".

There has been a significant shift on the issue of international economic co-ordination. In the early 1980s, Mr Lawson joined Mrs Thatcher and Sir Geoffrey Howe in playing down what governments could achieve internationally. The prevailing wisdom was that markets ought to be allowed to operate freely. By 1987, Mr Lawson had become an enthusiastic advocate of economic co-ordination (see, for example, his International Monetary Fund speech) and of intervention in the currency markets. In February 1986, he was telling American and Canadian businessmen that international co-operation was "the only sure way to keep the world economy on an even keel."

With Budget day creeping nearer, it is appropriate to consider how far Mr Lawson's attitude to fiscal policy has changed. In 1980, in his speech to a Financial Times conference, the up and coming Financial Secretary described Conservative economic policy as "fiscalist". He meant that it was the Government's objective to adopt a restrictive fiscal stance. At the same time, it intended to cut public spending and reduce the PSBR as a proportion of gross domestic product.

On public spending, there has clearly been a shift in emphasis. The aim of the incoming Conservative Government was to reduce public spending in volume terms. Then it was to hold spending constant in real terms. Now it is to reduce public spending as a proportion of GDP. In fact, only in the last year has the Government, while increasing public spending, managed to bring the proportion below that achieved in 1978-79. It is growth which has allowed the Chancellor, to his undisguised glee, to appear both as a big spender and as a pillar of fiscal rectitude.

Mr Lawson has been both consistent and successful in reducing (and in this budget possibly eliminating) the PSBR. Of course, public finances have benefited from oil and privatisation revenues. But the key new element is the buoyant tax revenue produced by growth.

The truth is that over the last 18 months Mr Lawson has abandoned fiscal and monetary orthodoxy and manufactured a good old consumer boom, fuelled by a remarkable drop in the savings ratio, a fall in the exchange rate, disguised fiscal relaxation and earnings rising faster than inflation. Output has grown at a rate which the Chancellor himself admits is unsustainable. If the plus side has been more public spending and falling unemployment, the minus side is the disturbing balance of payments deficit, which has at least united the National Institute of Economic and Social Research and the London Business School in a display of concern.

Paradoxically, as the Institute of Fiscal Studies has pointed out, the buoyant tax revenues have restored the traditional budget judgment, which the MTFS was designed to avoid. Whether he adopts a cautious or more relaxed stance, Mr Lawson has to take a view about the overall balance of supply and demand. In other words, under Chancellor Lawson, fine tuning is back.

I do not claim that he has returned to his old Keynesian gods, but I have to confess that I find the scarcely concealed pragmatism of the experienced Chancellor far more persuasive than the monetarist enthusiasm of the novice Financial Secretary.

The author is Labour MP for North Durham.

Letters to the Editor

Participation as a target

From Mr B.C. Stevens.

Sir, Geoffrey Goodman and Richard Clements (March 7) set some clear targets for trade union leaders, including "experiments with every possible form of participation in their own affairs." Why only in their own affairs?

There is today an opportunity for trade unions to seize the initiative in pressing managers to experiment with participation. Many companies have shown that it works – both for the company and all its employees.

But, too often, trada unions view participation with mistrust – a management trick to break the union's traditional role. And this mistrust is just what leads some companies to say they can do without unions.

It is time for trade unions to take another look at their attitudes towards participation. By pressing for participative practices where they do not exist, they can create a new role for themselves fully in keeping with the other objectives in the article.

Bryan Stevens,
Industrial Participation Association,
85 Tooley Street, SE1

Simplicity is still the strategy

From Mrs Judith Chaplin.

Sir, Surely your leader writer's use of the term "a single flat rate" (March 2) should be confined to taxes like the poll tax where everybody (before rebate) pays the same absolute amount? Few advocate that all taxation should be on such a basis.

An increasing number, including the Institute of Directors, propose proportional taxation. All higher rates should be abolished, and tax levied at a single fixed percentage of taxable income.

It is nonsense to suggest that such a tax does not reflect people's ability in pay – as income increases, so does tax. Indeed, because of personal allowances, those on higher incomes do not just pay more; they pay a progressively larger proportion of their gross income as tax. Proportional tax does achieve a "modest re-distribution" in favour of those "at the bottom of the pile".

95 per cent of taxpayers pay under such a system now. The complications of extensive tax legislation and anti-avoidance measures exist in the main to deal with some 5 per cent. Even if we leave aside the arguments as to whether lower tax rates in themselves improve economic performance, or whether our higher marginal tax rates in relation to our competitors will cause the brain drain, it is inconceivable that, if we were setting up a new tax system now, we would think the marginal gain in equity worth the loss in simplicity.

Judith Chaplin,
Institute of Directors,
116 Pall Mall, SW1

British Aerospace takeover of Rover

From Mr Richard Parker.

We seem to have learned little in the last 20 years. I quote from Graham Turner's account of mergers and takeovers in the British motor industry up to 1968 (The Leyland Papers):

"...it is the self-interest of the key personalities involved – not the interests of the shareholders or of the country or even of the company itself – which often dictates events."

Richard Parker,
City University Business School,
Barbican Centre, EC2

From Mr J.C. Glencross.

Sir, Why should not Aerospace take over the full liabilities of the Rover Group on the same terms as the patriotic investors in War Loan ultimately received? Rover's tax loss would not then be lost to them, and provided they made profits the liability would cost them next to nothing.

J.C. Glencross,
52 Leopold Road, SW19

Misrepresented by the press

From Mr R. Spark.

Sir, You report (February 29) that an aggrieved professor of physiology had suggested in a radio interview that erring newspapers should be punished with fines imposed by the Press Council.

In fact, the suggestion came from the interviewer, eager to malign and harry popular newspapers. The professor was persuaded to concur.

Perhaps this unintentional misrepresentation on your part should be made clear to the Press Council.

R. Spark,
19 The Rotyngs,
Rottingdean,
Brighton, East Sussex.

North-east rental levels increase

From Mr Tony Pender.

Sir, You state that "there is little private sector speculative building because English Estates has deliberately kept rents low for years to help inward investment and expansion" (March 7). You make no attempt to explain the basis of that assertion or in identify its source.

A more accurate explanation of the lack of private sector activity might be that property values tend in reflect the underlying level of demand and, in turn, of economic activity. In the West Midlands, an area in which English Estates is not actively involved, this was demonstrated in the early 1980s by the drying up of institutional investment in industrial property in the wake of the economic recession. Only now, and very selectively, is such investment beginning to return to that region.

The north-east has been through a similar cycle which started somewhat earlier. Over the past two years, however, demand for industrial floorspace has been extremely strong and we have taken the opportunity to secure significant increases in rental levels – despite being criticised by local authorities, tenants, and the media for so doing. We have also sold a substantial amount of floorspace in the region to occupiers and investors. In short, we have done quite the reverse of what your correspondent suggests.

I should be grateful if you would underline the fact that the property market in the north-east is very much alive and getting better by the day.

Tony Pender,
English Estates,
St George's House, Kingsway,
Team Valley,
Gateshead, Tyne & Wear

The debate should be better informed

From Ms Joyce Quin MP.

Sir, You rightly draw attention in the way in which the recent report of the House of Commons Select Committee on the Treasury and Civil Service highlights the shortcomings in Government figures on public spending.(February 24)

One of the Select Committee's recommendations which you did not mention, however, and which I believe is important, is that the spending figures would be given not only for Scotland and Wales, as at present, but also for the standard planning regions of that highly overcentralised country, England. Publication of such figures would, I believe, serve to reveal widely suspected imbalances in public expenditure between regions; and would better inform the debate about the future of regional aid.

Joyce Quin,
House of Commons, SW1

Urban housing development standards are not mutually incompatible

From Mr Lucas Mellinger.

Sir, Increasingly reports in your columns, as elsewhere, suggest that questions of land use and development control will come to a head over the next decade and that the House Builders Federation has a commercial interest in reducing the price of building land. These concerns, however, are meaningless if discussed in isolation; they must not be allowed to suppress public concern for maintenance if not improvements of housing standards. Problems of quantities (land and costs) must not be solved at the expense of qualities which are less easily defined.

May I therefore draw attention in the findings of a study which ought in be of interest in investors, house-builders (more so when they advise on mortgages), occupiers, planners and politicians alike, inasmuch as it throws new light on standards that may reasonably be expected in urban housing developments:

(1) The following seven desiderata for urban housing are generally recognised: density of 80-100 persons per acre; low rise development; gardens; privacy; normal light and air; normal accommodation; normal pedestrian and vehicular access.

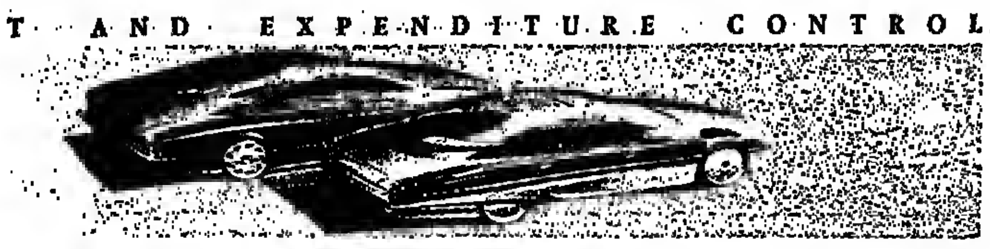
(2) There is no built housing scheme anywhere that satisfies all these basic needs. They are mistakenly thought in be mutually incompatible.

(3) It is possible economically in develop housing sites which not only satisfy the seven generally recognised needs but offer, in addition: detached accommodation; garage, as well as parking for visitors; and a generous all-purpose room intended for the occupier's distinctive use, whether this be a corner-shop, a nursery, table-tennis, studio, workshop, cottage industry and so on, in make the home more than a dormitory.

This potential of our development land must be realised before it can be appreciated and valued.

Lucas Mellinger,
4 Kew Green,
Richmond, Surrey

MANAGEMENT AND EXPENDITURE CONTROL.



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FINANCIAL TIMES
Wednesday March 9 1988

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Rebel group frees Oxfam workers

BY NORA BOUSTANY IN BEIRUT

TWO representatives of Oxfam, the UK-based Third World charity, were released yesterday by a radical Palestinian guerrilla group in the southern port city of Sidon.

An official of the Fatah Revolutionary Council escorted Mr Peter Coleridge, the organisation's British regional co-ordinator, and Mr Omar Traboulsi, a Syrian who is Oxfam's director in Lebanon, to the home of Mr Mustafa Saad, a Sidon militia leader.

The official said the two were taken in for questioning six days ago for security reasons. The official insisted the two men had not been kidnapped.

The Fatah Revolutionary Council is headed by Mr Sabry al Banna, better known as Abu Nidhal, who received a life prison term in absentia for a 1985 terrorist attack on Rome airport.

According to the council official Mr Coleridge was taken in for interrogation because he had taken photographs of Hittin Street, a populous alley in the sprawling camp of Ain al Helweh, overlooking Sidon.

The 44-year-old Briton and Mr Traboulsi, aged 31, disappeared in Ain al Helweh on Thursday afternoon after visiting a local relief centre. They were reported missing the next day when they failed to turn up at scheduled meetings.

Briton Peter Coleridge (right) and Syrian Omar Traboulsi in Sidon after their release yesterday

"I committed a mistake by taking photographs at Ain al Helweh and did not realise the security measures at the camp," Mr Coleridge said yesterday.

A Palestinian spokesman said the six-day arrest was sparked by sensitivity over the security of residents in the refugee camp, "which is always a target for Israeli military attacks."

An Israeli air raid against Hittin Street last summer killed 40 people.

Last weekend, Mr Saad, who heads the Popular Liberation Army in control of Sidon, advised foreigners to leave because their protection could no longer be guaranteed.

His remarks, coupled with a robbery carried out on foreign medics gathered at a friend's house, triggered an exodus of some 14 western relief workers.

Mr Coleridge – who had arrived in Lebanon last week after a long absence – seemed relaxed and in good spirits. He said he and Mr Traboulsi had been kept in separate rooms.

"I was treated with great professionalism . . ." he said. "There was no physical violence but a lot of psychological effect. We were not seized, but arrested for taking photographs in the camp."

"I was taking a series of photographs of the same place where I had taken pictures in 1982 to show . . . how rebuilding has taken place," Mr Coleridge said.

UK chipmakers to address shortage

BY TERRY DODSWORTH IN LONDON

UK SEMICONDUCTOR manufacturers aim to start production this year of a powerful range of memory chips in a move which should help solve critical supply shortages developing in the industry.

These shortages are beginning to affect electronic equipment manufacturers worldwide, placing strain on the production of some types of computers and forcing up prices.

Amstrad, the UK's fastest-growing manufacturer of personal computers, intends to raise prices by an average of £50 ($92) on its products at the beginning of next month, following a trend of rising prices which has begun in the US.

Mr Alan Sugar, Amstrad's chairman, says that although the company buys more than half of its semiconductors on long-term contracts, the price rise has been forced on it by the shortage of chips, combined with continuing strong demand for personal computers. "In the six months to June of this year, we shall probably deliver 25 per cent more personal computers than last year," he said.

Most of the problems have emerged in the field of Dynamic Random Access Memories a form of memory device used most heavily in the computer industry.

Amstrad employs 20 such chips in its popular 1512 personal computer and 32 in its 1640 model. Prices of standard memories for these products have jumped from $1.50 a year to around $2.20 today for long-term supplies. Mr Sugar said some buyers are forced to pay up to $8 for them on the spot market controlled by distributors.

To meet the surge in demand for memories, the Scottish plants run by NEC of Japan and Motorola of the US are proceeding rapidly with plans to bring one-megabit chips into production.

The one-megabit devices, capable of storing 1m pieces of information, are four times as powerful as the 256K chips which they will replace.

Mr Bob Giddy, managing director of NEC in the UK, said yesterday that the company's Livingston plant in Scotland, which is already making pre-commercial samples, should be shipping products to customers late next month or in early May.

Mr Mike McCourt, UK manager of Motorola, the US chipmaker, says that its Scottish plant in East Kilbride, where the company has recently invested $100m, should be commence production of its one-megabit device by the end of the year.

Industry officials agree that the worst of the memory-chip shortage could be over by late summer when more reliable sources of one-megabit devices will be available.

The Japanese companies which at present supply all of these semiconductors to the world market are in the early stages of production and are finding it difficult to achieve the required quality standards necessary for large-volume production. Only Toshiba, the first group into full-scale one-megabit production, is supplying the chips in what are regarded as adequate volumes.

But shortages of the 256K memories are largely attributed to Japanese restrictions on production following the row with the US over semiconductor dumping a year ago.

Managers to buy Japanese unit

A GROUP of British managers are to buy the UK subsidiary of Silver Seiko, a Japanese electronic typewriter maker, in a move which could help the concern avoid anti-dumping duties announced by the European Commission this week, writes David Thomas in London.

The Commission is proposing that four Japanese electronic typewriter makers, including Silver Seiko, should pay duties under a trade law extending anti-dumping duties to products assembled in Europe which use a high proportion of imported components.

Mr John Bedborough, managing director of Silver Seiko's British subsidiary, Silver Reed, said that if the EC's council of ministers confirms the duty, which would add 40 per cent to the price of its portable typewriters, Silver Seiko would stop making such machines in the UK.

But Mr Bedborough is to announce that he and two other British managers are about to buy out the UK operation. He would not comment on whether this move was designed to pre-empt formal notification of the new duties.

Silver Reed would become a wholly UK-owned company.

Japan group seeks to forestall EC ruling, Page 6

US planning armed action, says Panama

PANAMA yesterday accused the US of preparing a military intervention as part of a campign to depose General Manuel Antonio Noriega, the country's military leader, Reuter reports from Panama City.

Mr Jorge Abadia Arias, the Foreign Minister, said that US military exercises now under way in Panama were an open violation of the treaties governing the administration of the strategically important Panama canal and a "prelude to a military intervention."

The exercises, called "Total Warrior," are taking place this year with US National Guardsmen and other US military units from Miami and Puerto Rico, a spokesman for the US Southern Command said.

David Gardner adds: The Panama Canal Free Trade Zone in Colon, which last year moved $4.3bn through its in-bond facilities, was at a virtual standstill yesterday, and much of the country's industry and commerce will begin closing from today if the banks remain shut, leading industrialists and traders say.

However, operations of the canal itself have not been affected by Panama's political turmoil. Its 7,000-plus employees, more than 80 per cent of them Panamanians, were paid yesterday through a shipment of cash flown in from the US.

Panama's offshore banking centre was closed down last week after a business-led strike caused a run on deposits and because the Banco Nacional de Panama, the state clearing bank, ran out of US dollars – Panama's currency – with which to supply them.

Panama's few remaining liquid assets have been frozen in the US and international banks have so far not been willing to import dollars themselves, with a militant minority of banks holding out for the fall of General Noriega.

"The Panama Canal has operated normally all this week, all last week and in fact ever since the troubles began last June," according to Mr Dennis McAuliffe, the US-appointed chief administrator of the Panama Canal Commission, a US federal agency jointly run with Panama.

Mr Richard Wainio, the commission's chief economist, said average daily transits of the canal in the first week of March were 36.6, against an anticipated 35. Revenue from tolls for the week was $6.8m, higher than the budgeted $6.6m. Panama's entitlement of approximately $7m a month of this revenue has been suspended by the Reagan Administration.

Soviet Union faces Gulf war dilemma

Whatever the truth, it is Iraq's enhanced missile capability and possession of projectiles in quantity that has brought about a new phase in the "war of the cities" and the new dimension. This round might more appropriately be called the "battle of the Scuds".

Since the exchanges began on February 29, Baghdad claims to have launched more than 40 in a blitz supplemented by air raids on other cities and towns, including for the first time Shiraz. Iran has replied in kind with two dozen aimed at Baghdad.

In its unmodified form Iraq first deployed the Scud B missile in an an attack on Dezful early in 1984. The following year Iran – which is known to have been supplied with the weapon by Libya in 1985 and Syria in 1986 – responded with its first strike on Baghdad. Since them it has launched them sparingly, suggesting that its supplies are by no means inexhaustible.

Iran's first use of them was during the original "war of the cities" which began in March 1985 and only came to an end in mid-summer of that year. The fact that it was halted probably also reflected the mutual concern of the two warring regimes about the effect on morale – a significant proportion of Tehran's population was sufficiently frightened to evacuate the city nightly and camp in its environs.

Since 1985 the only resumption worth the name was in February 1987 in a bout in which Iraq again had far the better of the exchanges because of its enormous air supremacy and Iran's apparent paucity of missiles.

As early as August last year, Iraq boasted that it had tested its own missile with a range of 600 kilometres. One reason why it refrained previously was probably because it was anxious not to jeopardise moves towards the imposition of an arms embargo with Iran.

Why did Iraq resort again to this form of conflict with its air raids on February 27 which preceded the missile exchanges? The obvious answer, paradoxically, is blind frustration that the Security Council had made only halting progress towards enforcing the ceasefire resolution. At the same time President Saddam Hussein obviously felt the need to apply some alternative pressure following a largely unnoticed and unexplained suspension of attacks against Iran's oil traffic.

It is now a moot point whether the campaign for sanctions will be advanced or retarded by the outbreak of the "war of the cities." On balance, Western diplomats believe it may be a setback because many members of the Security Council might feel that they have no choice but to impose an embargo on both belligerents. And in the process the Soviet Union may be able to recover some poise in its balancing act.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	C	10	50	Malta	C	13	55	Rhodes	C	15	59
Algiers	C	16	61	Edinburgh	C	11	52	Manchester	C	6	43	Rio de Jo	C	33	91
Amsterdam	F	4	39	Faro	S	17	63	Manila	C	30	86	Rome	F	13	55
Athens	C	13	55	Florence	F	15	59	Melbourne	C	32	90	Salzburg	Sn	-1	30
Bahrain	C	21	70	Frankfurt	F	6	43	Mexico City	F	27	81	San Francisco	C	21	69
Bangkok	F	33	91	Funchal	C	16	61	Miami	C	25	77	Seoul	C	1	34
Barcelona	S	14	57	Geneva	C	5	41	Milan	-	-	-	Singapore	R	25	77
Beirut	R	17	63	Gibraltar	S	19	66	Montreal	C	4	39	Stockholm	Sn	2	36
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Readings at mid-day yesterday. C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Thatcher rules out £ move

Continued from Page 1

DM1.6680 was a five week low for the US currency.

US concern over the current weakness of the dollar was underlined in New York yesterday by Mr Wayne Angell, a Federal Reserve Board governor, who said a fall in the dollar was undesirable and counterproductive to the Fed's policy.

Mrs Thatcher's comments yesterday reflect her opposition to any formal linking of sterling to other European currencies, as in the exchange rate mechanism of the European Monetary System.

This has produced a semi-public agreement to differ with the Treasury, the Bank of England and the Foreign Office.

The Prime Minister's remarks were in reply to questions from Mr Neil Kinnock, the opposition Labour Party leader.

Her views on inflation were well taken in the government bond market.

Its initially marked prices down following news of her Commons reply, but analysts said prices soon recovered.

US textile makers hit a patriotic high note in the South

By Nancy Dunne in Washington

"AMERICA the Beautiful" is thumped out patriotically on a piano. The radio announcer, in funereal tones, begins: "For eight years, textile and clothing imports have been flooding America and hurting our people.

Yet some say it is only foreign competition and there's nothing we can do to control it."

He goes on: "But the fact is that since 1980, over 350,000 American textile workers have lost their jobs to unfair foreign textile imports, to foreign government subsidies and overseas wage rates that go as low as 16 cents an hour.

"Is America really supposed to compete with that?"

This commercial, and two others like it, saturated the air waves in Alabama, Georgia, North Carolina and South Carolina in advance of yesterday's "Super Tuesday" primaries and it is scheduled to continue for several days more.

The aim is to muster support for a textile quota bill, which has been stalled in Congress since its approval last September by the House of Representatives.

Mr Nick Nichols, a spokesman for the Fiber, Fabric and Apparel Coalition for Trade, an industry-union group sponsoring the "public awareness" campaign, said the organisation hoped "to elevate the textile issue while the media is focused on the south."

The textile, fibre and apparel industries provide about 305,000 jobs in North Carolina, 177,000 in Georgia and 100,000 in Alabama. Since 1981, job losses have been heavy, with 1,000 plants closed.

Sponsors of the legislation have sought the right moment to take it to the Senate floor, and there were reports that they would try to bring it up before yesterday's primaries.

Now the target date has been moved to April, after final passage of the trade bill, which is being negotiated in a House-Senate conference.

The bill would slow imports by establishing global limits on product categories of textiles and apparel. Quotas would be based on 1986 import levels, with no more than 1 per cent growth allowed each year. Footwear imports would be frozen at the 1986 level.

It was passed by a 263-156 vote in the House, short of the two-thirds majority needed to override a certain veto by President Reagan, and is expected to pass the Senate as well. But since the President is almost certain to reject the bill, the key to passage is getting enough backing for an override.

Opponents of the bill say the textile industry has regained its health and point to last year's 9 per cent growth in profits. They say many of the job losses are because of plant modernisation.

But the bill's proponents say that recovery is due mostly to the lower dollar and may be short-term. They say employment was down in January, inventories are building up again and orders are falling off.

The commercials, running on both television and radio, have been highly successful, according to Mr Nichols. Although they endorse no candidate, they suggest that public officials should be questioned about their support for the bill.

The Coalition hopes to raise support from local and state officials as well as national candidates.

The presidential hopefuls rushed in to respond. Soon after the commercials were launched, Senator Robert Dole, the Republican minority leader, and Mr Pat Robertson, the former televangelist, endorsed the textile bill.

In fact, the senator's campaign aired a commercial attacking Vice President George Bush for remarking, "c'est la vie," when the last textile measure failed in 1986.

At Senator Dole's side, campaigning in South Carolina, was Senator Strom Thurmond, a sponsor of the bill and a virtual icon in the area.

Among the Democrats, Senator Albert Gore, Senator Paul Simon and Congressman Richard Gephardt have all announced support for the bill. Only Governor Mike Dukakis has bucked the trend.

A study produced by the Institute for International Economics in Washington estimated that passage of the bill would cost US consumers more than $20bn a year by 1996.

But academic reports cannot compete with the emotional response evoked by the commercial campaign.

THE LEX COLUMN

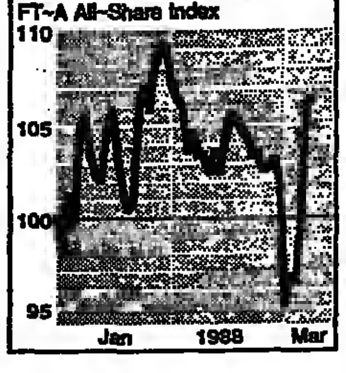
A high-level talk on sterling

When the First Lord of the Treasury says it, you had better believe it. The foreign exchange markets set out yesterday unsure of what the authorities were up to, but all that was put paid to by Mrs Thatcher's remarkable bluntness. The resulting surge in sterling made considerable waves elsewhere: it is possible to feel a sneaking sympathy for equities, which in January struggled through 1800 to be hit by a jump in interest rates, and now again by a jump in currency.

On the other hand, the FT-SE's recovery later in the day suggests that the Budget rally may still be on. There could be support, too, in the gilt market; yesterday saw a fall at the short end, presumably due to disappointed hopes of an interest rate cut, but the long end should logically be more influenced by the stand against inflation. With long yields apparently headed for 9 per cent, the yield gap could fall to its lowest since the very different days of 1974.

Then again, trade-weighted sterling at 77.0 and rising starts to have real implications for corporate earnings. But it is not clear that Mrs Thatcher's position quite rules out intervention by the Bank of England. Certainly, it may be called for in the short term; sterling is not as sensitive to the oil price as it was, and the balance of payments figures seem to be meeting a degree of scepticism. More fundamentally, it is becoming clear to the market that a high exchange rate is now an increasingly important weapon of policy. Strong sterling might not be such a short term phenomenon after all.

British Aerospace
Share Price relative to the FT-A All-Share Index



TI Group

TI's original offer for Bundy made sense, and so did its decision to withdraw that offer just after the crash. While its return to the table now that the market has settled down is also a good idea in principle, the terms look more doubtful. The cynical interpretation of a $10m increase in the bid price – despite a fall of over 20 per cent in the US market – is that TI has paid the extra to get it out of a tiresome lawsuit.

The company prefers to stress the fact that the price in sterling has fallen slightly, and that in any case since it made the first offer Bundy has produced some spanking results. However, for TI to argue that it has consequently ended up with a still better deal is to push its luck. In any event, an extra few million may not matter much. Bundy will give TI over a third of the world market for small diameter tubing, a part of its business which is likely to show good results in the full year figures tomorrow.

TI's behaviour is also a telling indication of the post-crash psychology of bidders. The company lost its nerve last October less because it was worried that its bid looked too high, than because everything seemed so uncertain that it did not know how to go about its sums. Its renewed offer displays its confidence that the crash did not change the world's financial landscape after all: the market is back to normal, and the shocks that the economy was promising at the time of the crash are simply not materialising.

British Aerospace

Something very odd is happening to British Aerospace shares. The company is notoriously one which stands to lose by a rise in sterling, and at present sterling is going through the roof. But the shares have gone up some 10 per cent in the past week, in massive trading volume, and have handsomely outperformed the market on the way.

The answer clearly lies in the persuasive powers of Professor Smith, now touring the institutions to make his pitch for the Rover deal. His audience still seems divided, but even on 383p the shares are on a forecast yield of some 6.5 per cent, so there are few sellers; while buyers are also being lured in with a good deal of what is politely termed aggressive broking.

The arguments have a certain primitive appeal. Suppose Rover announces full year profits tomorrow of £20m before interest: coming after an interim loss of £19.8m, that means second half profits of £40m. Double that up for the current year, assume Rover comes free of interest payments and tax, and you have £80m – 32p of earnings – going straight to BAe's bottom line. Or again, take 1989. If Rover is by then making 6 per cent on sales, like some of its competitors, you get £180m: add to that £250m from BAe itself, knock off a bit for net interest, and you have 135p of earnings, or a p/e of under 3.

Leaving aside the fact that the most profitable part of the business is currently on strike, all this serves as a reminder that no-one in the City knows anything these days about the British car industry. On the other hand, a splendid amount of business is being done in the process of finding out. It will be interesting to see how tomorrow's figures are received.

Marks and Spencer

Marks and Spencer cannot hope to convince the City that it is offering the right price for Brooks Brothers until it produces the solid financial information on that company which its agreement with Campeau forbids. Until then, extra detail of the shopping malls in which M and S can claim spaces is not going to tip the balance. Neither is the odd information that $60m of the $770m purchase price is being paid to ensure that Campeau, which is mainly a property company, will not compete with M and S and Brooks Brothers. Given that those two companies are presumably capable of seeing off the competition without such payments, it is not clear why the US tax man should accept what seems a tax-motivated innovation.

On the other hand, the financing arrangements look good and will make the deal less hard on earnings in the short term. More important, the news that M and S intends to sell food through Campeau stores shows its determination to expand in the US. While some might worry that food and clothes do not mix in North America, M and S must be more than aware of this problem after its Canadian experience; one supposes it is planning to do things differently this time.

Where would you advise your clients to put their money?

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"What properties are LASER investing in?"
Harbour Island is one of the most exciting developments in Docklands. It consists of around 70,000 sq. ft. of shops, offices and restaurants. The retail area will service the massive Harbour Exchange development with banks, shops, restaurants, pubs etc. The development is pre-let on a 25 year lease by Berkley House plc, and shows an initial yield of 5.65% with upwards only rent reviews every five years. Other Enterprise Zones that LASER intend to invest in are Telford and Chatham Maritime.

"Who should invest in LASER?"
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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday March 9 1988

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G + W sees profits stumble but expects big advance for year

BY JAMES BUCHAN IN NEW YORK

GULF + WESTERN, the film, publishing and financial services group, yesterday reported a small decline in profits in the Christmas quarter but said it was on track to increase earnings for the year.

The New York group is performing strongly in all its main businesses and yesterday increased its dividend by 17 per cent and split its shares. It said earnings in the first quarter to January fell from $69.3m or $1.11 a share to $63.1m or $1.03. Revenues rose from $1.1bn to $1.2bn.

The company said that Paramount, which has just notched up its second year in a row as the most successful US film studio, could not quite match its Christmas 1986 earnings with last year's showings, including Eddie Murphy Raw and Fatal Attraction.

Earnings were ahead in television programmes, consumer publishing and consumer finance, but increased costs in developing textbooks held back earnings in educational publishing for schools.

Mr Martin Davis, chairman, said: "With first-quarter results in line with our expectations and with our projections for strong results in each of our three core businesses in the second half of the year, we are on target for another record year in fiscal 1988."

Mr Davis said the company had high hopes of this year's sequel to the block-busting Crocodile Dundee and a new Eddie Murphy film, and both publishing and finance should also report record results for the year.

Pharmacia improves 10% to SKr 905m

BY SARA WEBB IN STOCKHOLM

PHARMACIA, the Swedish biotechnology and pharmaceuticals group, reported e 10 per cent increase in group profits, after financial items, to SKr905m ($150.8m) last year, with the increase held in check by adverse exchange rates and lower interest income.

Group sales increased by 67 per cent to SKr6.1bn, boosted by the acquisitions made during the past two years. If comparable units were taken into consideration, the increase in sales was only 6 per cent.

The board proposed raising the dividend from SKr1.55 to SKr1.75. Pharmacia said that it expected profits to continue to increase in 1988, but warned that the rise would be restricted by unfavourable exchange rates and deteriorating net interest income.

Profits were held in check by the lower dollar, the lower gross margins which were the result of a new product mix which Pharmacia has from its acquisitions, and the fact that interest income was lower following these acquisitions.

Pharmacia said that integration of Leo, the pharmaceuticals company, and LKB, the diagnostics company, took place during the year. Profits were helped by the strong increase in sales of Leo's anti-cancer agents.

The group said that sales in Western Europe had been helped by a large increase in West Germany due to Leo's strong position in that market. Sales to the US fell by 4 per cent in krona terms due to the lower dollar.

Corning offer accepted by laboratory services group

BY RODERICK ORAM IN NEW YORK

INTERNATIONAL Clinical Laboratories, which provides medical laboratory testing services, has agreed to a $26-a-share takeover offer from Corning Glass Works, a leading US producer of glass products.

Corning, which was granted the right by the target company to buy 3m of its shares as a "lock-up" provision to deter other bidders, said it would begin the $260m all-cash offer for the 10m shares outstanding as soon as possible. International Clinical's shares rose $2¼ to $25⅜ in early trading yesterday.

Although International Clinical Laboratories will slightly dilute Corning's earnings this year, "it should be making a solid contribution to earnings" next year, Mr James Houghton, Corning's chairman, said.

The deal would broaden Corning's position in laboratory services by improving the service capability of its MetPath unit.

International Clinical Laboratories, based in Nashville, Tennessee, operates 13 test facilities, mainly in the south and west. It reported net earnings of $4.8m on sales of $205.5m for the year ended August 31.

Corning's MetPath subsidiary runs a laboratory at its Teterboro, New Jersey headquarters and 12 others across the country.

Sabena's earnings free-fall by 52%

By William Dawkins in Brussels

SABENA, Belgium's 54 per cent state-owned airline, yesterday reported a 52 per cent fall in net income from BFr146.8m to BFr70.4m ($2m) for 1987 and revealed that it was holding collaboration talks with five other European carriers.

Mr Carlos van Rafelghem, president, said: "This was a difficult year due to the exchange rate of the dollar, recurrent strikes and competition from other European companies."

Sales totalled BFr38.99bn in 1987, down from BFr39.37bn in 1986.

Sabena was prepared to reopen talks with Scandinavian Airlines Systems. These were broken off last June after the two sides failed to agree terms, but Mr Van Rafelghem said he did not exclude the possibility that new contacts at government level might reopen the discussions.

The volume of freight traffic fell 6.7 per cent last year, mainly due to loss of market share to financially stronger competitors such as the West German airline, Lufthansa, the company said.

However, volumes had recovered strongly since the turn of the year, up 15 per cent in the first two months of 1988. Sabena carried nearly 2.4m passengers last year, a 7.4 per cent increase.

Sabena had started informal talks with KLM, Swissair, Luxair, Air France and Lufthansa on possible - but apparently not fully defined - collaboration agreements.

The aim of the talks, which he hoped would be concluded by summer next year, was "the growth of the potential of air transport and its market."

But he pointed out that the scope for collaboration was limited by the fact that Air France and Lufthansa used an international computer reservation network, the Amadeus system, which competed with the Galileo reservation system used by Sabena.

The choice of partner would depend on the wish of the Belgian Government.

WOW reports loss of $129m

WORLDS OF WONDER, the US electronic toymaker which filed for Chapter 11 bankruptcy protection last year, revealed a loss of $129.3m or $5.62 a share for the third quarter ended December 31.

This compares with net income of $15.2m or 67 cents a year earlier. Sales fell to $37.1m from the $132.8m achieved in the Christmas quarter of 1986.

John Wyles describes the turbulent forces shaping the future of the Italian steel industry

Finsider staggers along road to recovery

HAVING BEEN kept in hungry suspense for many months, Italian political and trade union leaders have fallen like wolves on the recovery plan for the publicly-owned steel industry which has just been produced by Finsider, the steel holding company.

With steelworkers protesting in the streets of Genoa and Naples and unions planning to shut the state company down for one day next month, both governing and opposition parties have pronounced the flavour offensive and called for extensive changes.

Since it will take weeks for the dust to settle, Italy may be hard pressed to have a coherent strategy in place by the time negotiations begin in Brussels in June on European Community-wide cuts in steelmaking capacity. Meanwhile, every day's delay in implementing a recovery strategy is adding L5.2bn ($4.2m) to Finsider's accumulated losses since 1980 of L12,382bn.

Nevertheless, the breadth of domestic opposition to Finsider's plans to cut capacity and to axe 25,000 out of 75,000 jobs is highlighting once again the roadblocks which tend to confront any major public-sector restructuring in Italy.

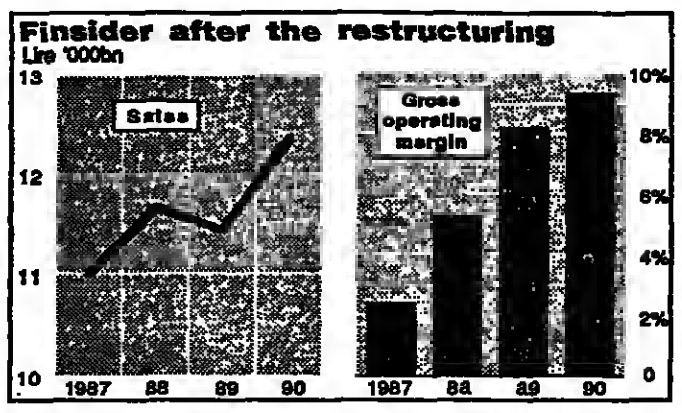
Neither Finsider nor its parent company, IRI, has the freedom to decide the strategy for steel. At the same time, government ministers, who must provide the final imprimatur, are promising to treat the matter sympathetically against a background of demands by political and union lobbies for "softeners" and changes which may alter the fundamental shape of the plan.

It is impossible to forecast when any final decision might emerge because the present government, headed by Mr Giovanni Goria, is likely to fall later this month, and weeks may be needed to assemble a new administration.

In framing its proposals, Finsider management has obviously attempted to plot a course around the predictable political and trade union potholes. This is said to be one reason why there are so many apparent gaps in the plan. Another is a reluctance to reveal too much of the Italian hand in advance of European Community negotiations in which it is feared that the cards will be stacked against Rome.

"Other countries want to load all the cuts on to Italy so that they can continue increasing their exports here," said one IRI official.

While the number of jobs to be cut is clear enough, the plan offers no precise measure of capacity to be closed nor full statements of the assumptions behind its various forecasts. These stated that if the Finsider strategy was pursued last year's losses of L1,680bn would be turned into a profit of L50bn by 1990. The company said that losses would climb to L2,600bn by 1990 if nothing was done apart from routine productivity improvements.



The new approach promises a much more "market-led" style of management concentrating only on actual or potentially profitable sectors. Investments will bs determined by the company's ebility to finance them. Every possible internal synergy will be exploited and new partnerships will be sought with private Italian producers and international producers.

Such details as there are in the plan have not surprised any of those directly concerned with the long agony of Italian public steel. Finsider's need for new capital totalling L6,500bn, based on e L6,000bn asset write-down, was leaked by the company long ago.

Less expected, though, was the ingenious idea of liquidating Finsider and putting all the businesses which management believes can be swiftly profitable into one new company, Ilva, with a broadly balanced debt-equity ratio and 9,000 fewer employees by 1990. The remainder will be grouped into a company with debts of more than L7,800bn, a negative net worth and 16,000 fewer workers by 1990.

The virtue of this approach is that it identifies tbe potential "winners" while the drawback is that it leaves tremendous uncertainties about the future of several plants in the "dump pack" which may end up being sold or closed. Led by 3,000 concerned steelworkers from Bsgnoli in Nsples, these lame dncks are organising a vigorous defence against closure.

In product terms, the plan would keep Finsider in the full range of the flat-steels business, with the possible exception of sheet and large welded tubes. The stainless area would be re-organised through tbe probable withdrawal from castings and pipes while activity in long products could be cut to rails and bars and billets for forging. Specialised tubes production for small markets would be sacrificed.

None of the major Finsider plants will escape some reorganisation including tbe big integrated plant at Taranto. Nonetheless, this establishment will be the core of the new business together with Novi Ligure, Cornigliano and Terni. Bagnoli and Campi in Turin would lose their steelmaking furnaces this year, leaving the future of Bagnoli's rolling mill still to be decided.

The plan's productivity targets, as measured by deliveries per man/year, are ambitious and range from a 13 per cent increase in flat stainless prodncts to a 22 per cent rise in general steel flat products and tubes and to 72 per cent in special long products.

NZI buys Arbuthnot Latham

By Sara Webb and David Lascelles

NORDBANKEN, Sweden's fifth largest commercial bank, has agreed to sell Arbuthnot Latham Bank, its London bank, to NZI Corporation for £39m ($69m).

Nordbanken said it no longer needs Arbuthnot Latham Bank as a foothold in the London market in view of the changes and deregulatory measures which have taken place in Swedish banking, allowing Swedish banks to lend foreign currency indirectly from Stockholm.

Mr Rune Barneus, Nordbanken's managing director, also said it was no longer necessary to have such a heavy investment tied up in London. Instead, Nordbanken intends to set up a representative office in London and eventually open a branch.

Nordbanken increased its sbareholding in Arbuthnot Latham Bank from 16 per cent to 100 per cent in October 1986 at a time when it was impossible for Swedish banks to open branches in London, Mr Barneus said.

NZI, an insurance and financial services group which derives about 35 per cent earnings from banking, has been searching for means to expand outside the Pacific region.

Nordbanken had total income of SKr1.3bn ($218.4m) last year.

TI Group revives bid for Bundy

BY CLAY HARRIS IN LONDON

TI GROUP, the British engineering company, yesterday revived its bid for Bundy, the leading US maker of small-diameter tubing, and agreed to pay more than its original bid last September, which it abruptly abandoned in the wake of the stock market crash.

The revived bid values Bundy at $155m compared with the original offer of $144m. Because of the intervening decline in the value of dollar, however, the sterling cost of the all-cash bid has fallen by about £3m.

TI is the first large UK company to put back together e take-ovsr deal abandoned in the immediate aftermath of the October crash.

Mr Chris Lewinton, TI chief sxecutive, said the move reflected TI's view that world markets had stabilised. Its US and UK financial advisers, Morgan Stanley and S.G. Warburg, respectively, were also now willing to assert that the Bundy deal represented "fair value," advice which they had refused to renew last October.

Bundy's earnings performance, moreover, bad proved mucb stronger than expected when the first deal was announced. After-tax earnings for the year to January 1988 were $10.7m compared with $8.4m for the 12 months to last July, and Bundy had a strong order book.

This accounted for TI's willingness to sweeten the original $40 a share terms with special dividends of $3 a share to be paid in three equal instalments over this year.

Buoyant VNU to lift dividend

By Laura Raun in Amsterdam

VNU, THE Netherlands' largest publisher, increased profits by 23 per cent for 1987 and is to raise its dividend by 19 per cent to Fl 2.75 per share from Fl 2.31.

VNU confirmed thet profits would rise again in the current year.

Net income jumped to Fl 92m ($48.4m) from Fl 75m. Group turnover for the year rose 14 per cent to Fl 1.97bn.

VNU recently acquired Audet, a small newspaper publisher.

John Barham in Sao Paulo chronicles the decline of a once profitable sector

Brazil's banks fall victim to a crisis

BRAZIL's big financial conglomerates were for years among the most profitable in the world. Year after year, banks ontperformed all other sectors of the Brazilian economy.

Those halcyon days are over, at least for the moment. A plethora of annual reports demonstrates clearly that big private banks have at last fallen victim to Brazil's protracted economic crisis. Mr Antonio Carlos Rovai, a Price Waterhouse accountant, said: "The banks are participating in Brazil's economic misfortunes."

For example, Bradesco, Brazil's biggest private banking group and the benchmark for the sector in general, reports that its net profits fell 18 per cent in dollar terms last year to $214m. All values are converted at year-end exchange rates. Its return on assets was equivalent to 1.6 per cent, against 2 per cent in 1986 and 2.6 per cent in 1985.

Analysing balance sheets in Brazil is hazardous. High inflation has created confusing and conflicting accounting procedures.

Banco do Brasil, the federally owned bank group whose head, Mr Camilo Calazans, resigned on Monday over a pay policy dispute with the Government, was ordered late last month to republish its 1987 results.

The capital markets commission ruled that the bank was wrong to obey s central bank accounting directive which enhanced company profits. The commission says Banco do Brasil overstated its 1987 net profit by 33 per cent. The bank said there was nothing wrong with its figures.

Comparing balance sheets between different companies and different years is particularly difficult. Some banks choose to adhere to the voluntary central bank guidelines which understate the impact of loan loss provisions. Some use widely differing criteria when calculating their loan-loss reserves.

However, it is clear that most big banks earned substantially larger operating profits, in spite of heavier operating costs. This gain, bowever, was more than wiped out by the large provisions they had to make for possible losses on loans made to small businessmen, farmers and mortgage holders.

To the banks' considerable alarm, farmers and small businessmen felt encouraged to suspend loan repayments in March, just after the Brazilian Government stopped paying interest to its foreign bank creditors.

These loan-loss provisions were the main reason for the banks' thinner 1987 profits. Unibanco, the third biggest bank in Brazil, more than doubled its provision for possible loan losses to $135.8m and its net profit fell a quarter to $40.4m.

Small businessmen and farmers borrowed heavily in 1986 during the ill-fated Cruzado Plan when interests rates were low. They thought the plan would succeed in holding down inflation and interest rates and that consumer demand would remain strong. They were proved badly wrong.

Inflation came roaring back in 1987, sending nominal interest rates above 1,000 per cent a year, and consumer spending slumped.

Banco Itau, the second biggest bank, says it has rescheduled the loans of 16,000 small businesses and increased its provision for loan losses by 260 per cent in real terms.

Banks were also hit by changing consumer habits. Unfortunately for the banks, Brazilians are taking greater care to protect their monsy from inflation, which rose 366 per cent last year.

In the past, banks profited handsomely by investing current account balances on the money market and keeping the proceeds for themselves. The faster inflation rose, the more profit banks made.

Bradesco reports that although its deposits fell by about half to $10bn, its savings accounts rose to $4.5bn from $3.1bn. Savings accounts earn 6 per cent interest a year plus indexation and were by far the most lucrative investment in 1987.

Operating costs rose rapidly last year, mainly because banks could no longer count on the easy profits made from current account balances. Worse, interest rates rose very rapidly and financial markets oscillated crazily.

That made funding both expensive and difficult. Banco Itau reports that its operating costs in 1987 rose by 71 per cent to $5.25bn, while operating profits rose 11 per cent to $259m.

Lending fell substantially: Itau says its lending dropped by one third in real terms to $2.6bn last year. Not only did companies and individuals borrow less, they also invested more on financial markets. Industry has long been a net investor in the financial system.

Not all banks took a hammering. Banco Banerindus, a large regional bank, says it increased funding by offering clients interest bearing accounts. Unsurprisingly, funding more than doubled in real terms. Banerindus's $23.3m 1987 net profit was 18 per cent greater than in 1986. But it still has some way to go to recovering its pre-Cruzado Plan profits. In 1985 it earned $27m.

Bank earnings will probably rebound this year, now that banks have reserved against future loan losses. Yet they will have to work harder as the market becomes tighter and more competitive.

Most banks say in their reports that they intend to continue the cost-cutting and rationalisation policies brought in during the Cruzado Plan, but which were relaxed slightly in 1987. Bradesco said it would maintain the Brazilian banking industry's tradition of investing heavily in branch automation and expansion. Mr Lazaro de Mello Brandao, president, said that the bank would invest $26m to modernise its services in the first half of this year.

There is little chance that a wave of bank failures would shake the financial system, as happened during the previous recession which began in 1982. The banks' most pressing task this year will be to deal with financially weak corporate clients.

"The banks want to give companies a chance," said Mr Roval of Price Waterhouse. "It's like Brazil and its foreign debt. These companies can pay their debts, but they need time and in time they will return to the market and become important clients."

This announcement appears as a matter of record only.

November, 1987

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Luxembourg

A$ 50,000,000
12¾% Notes of 1988/1991

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U.S. $75,000,000

Christiania Bank og Kreditkasse
Floating Rate Subordinated Notes Due 1994

Interest Rate	7⅛% per annum
Interest Period	9th March 1988 9th September 1988
Interest Amount per U.S. $10,000 Note due 9th September 1988	U.S. $364.17

Credit Suisse First Boston Limited
Agent Bank

U.S. $400,000,000
Hydro-Québec
Undated Floating Rate Notes, Series GL
Unconditionally guaranteed as to payment of principal and interest by
Province de Québec

Interest Rate	7 1/16% per annum
Interest Period	9th March 1988 9th September 1988
Interest Amount per U.S.$10,000 Note due 9th September 1988	U.S.$360.97

Credit Suisse First Boston Limited
Agent Bank

U.S. $100,000,000
GW
Great Western Financial Corporation
Floating Rate Notes Due 1995

Interest Rate	7% per annum
Interest Period	9th March 1988 9th June 1988
Interest Amount per U.S. $50,000 Note due 9th June 1988	U.S. $894.44

Credit Suisse First Boston Limited
Agent Bank

£100,000,000
PRUDENTIAL
Floating Rate Notes Due 1995

Interest Rate	9.1625% p.a.
Interest Period	7th March 1988 7th June 1988
Interest Amount per £10,000 Note due 7th June 1988	£230.31

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Consolidated Gold Fields Finance PLC
£75,000,000
Guaranteed Floating Rate Notes 1995
unconditionally guaranteed by
Consolidated Gold Fields PLC

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period 7th March, 1988 to 7th June, 1988, the Notes will bear interest at the rate of 9 5/16 per cent. per annum. Coupon No. 13 will therefore be payable on 7th June, 1988 at £1,170.42 per coupon from Notes of £50,000 nominal and £117.04 per coupon from Notes of £5,000 nominal.

S. G. Warburg & Co. Ltd.
Agent Bank

U.S. $200,000,000
Midland International Financial Services B.V.
(incorporated with limited liability in The Netherlands)
Guaranteed Floating Rate Notes 1999
Guaranteed on a subordinated basis as to payment of principal and interest by
Midland Bank plc

For the six months from 9th March 1988 to 9th September 1988 the Notes will carry an interest rate of 7 1/16% per annum.
On 9th September 1988 interest of U.S. $360.97 will be due per U.S. $10,000 Note for Coupon No. 9
Agent Bank:
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(THE COMPANY)

U.S.$50,000,000
3% CONVERTIBLE BONDS DUE 2000

Pursuant to Clause 5 of the Trust Deed dated 28th March, 1985 in respect of the above issue, notice is hereby given as follows:

1) On 25th February, 1988 the Board of Directors of the Company resolved to make a free distribution of shares of its common stock to shareholders of record as of 31st March, 1988 in Japan, at the rate of 0.06 new share for each share held (six shares for a hundred shares held).

2) Accordingly, the conversion price of the above-captioned Bonds will be adjusted with effect from 1st April, 1988 (Japan time).

The conversion price in effect before such adjustment is Yen 595.00 and the adjusted conversion price will be Yen 561.30.

By: THE DAI-ICHI KANGYO BANK LIMITED, LONDON
AS PRINCIPAL PAYING AGENT
9th March, 1988

U.S.$50,000,000
3¾% NOTES DUE 1991
WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF THE COMPANY

Pursuant to Clause 4 of the Instrument dated 6th May, 1986 in respect of the above issue, notice is hereby given as follows:

1) On 25th February, 1988 the Board of Directors of the Company, resolved to make a free distribution of shares of its common stock to shareholders of record as of 31st March, 1988 in Japan, at the rate of 0.06 new share for each share held (six shares for a hundred shares held).

2) Accordingly, the subscription price of the above-captioned Warrants will be adjusted with effect from 1st April, 1988 (Japan time).

The subscription price in effect before such adjustment is Yen 538.00 and the adjusted subscription price will be Yen 507.50.

By: THE TAIYO KOBE BANK LIMITED, LONDON
AS PRINCIPAL PAYING AGENT
9th March, 1988

Christiania Bank og Kreditkasse
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U.S.$250,000,000
Floating Rate Subordinated Notes Due 2001

Notice is hereby given that the Rate of Interest has been fixed at 6.9375% and that the interest payable on the relevant Interest Payment Date September 9, 1988 against Coupon No. 4 in respect of US$10,000 nominal of the Notes will be US$354.58 and in respect of US$250,000 nominal of the Notes will be US$8,864.50.

March 9, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank — CITIBANK

INTL. COMPANIES AND FINANCE

Henkel sees continued rise in sales and profits

By Andrew Fisher in Frankfurt

HENKEL, the West German special chemicals and detergents company, expects sales and profits to show further gains this year after increases in 1987 which reflected steady home and foreign demand and the impact of new acquisitions.

The company said sales rose 6 per cent to DM9.2bn ($5.5bn), with an improvement of 11 per cent in volume terms.

The difference in the rates of increase stemmed from the effect of the rising D-Mark on foreign revenues translated into German currency.

Henkel, the fourth largest chemicals group in Germany, gave no earnings details at this stage.

However, net profit had improved to more than 3 per cent of sales, from 2.6 per cent.

This would put the profit after tax for 1987 at DM280m — roughly in line with analysts' estimates — against 1986's DM226m.

On the outlook for 1988, Henkel said international sales and profit prospects continued to look favourable.

The group was resistant to changes in the economic climate because of its wide range of products, the balance between branded products and special chemicals, and strong regional diversification.

However, this year contained risks in foreign exchange movements and in the continuing debt problems of many countries.

A possible weakening of the worldwide consumption and investment climate as a result of uncertainties in financial markets was another factor.

De Benedetti plan on mergers welcomed

By John Wyles in Rome

MR CARLO De Benedetti's plans to merge two of his main holding companies, CIR and Sabaudia, were warmly welcomed by Italian investors yesterday.

The proposals will lead to the absorption later in the year of Sabaudia into CIR, which is 48 per cent owned by Cofide, Mr De Benedetti's master holding company.

Icahn backs plan to free Texaco from Chapter 11

BY OUR NEW YORK STAFF

MR CARL ICAHN, the New York investor, said he would vote for the plan to reorganise Texaco drawn up by the leading oil company's management in an effort to secure its release from Chapter 11 bankruptcy court protection.

"I will probably either vote for it or with a majority of other shareholders," Mr Icahn said, while continuing to express dissatisfaction with the plan.

Representatives of other shareholders confirmed that institutions and other investors overwhelmingly supported the reorganisation.

Mr Icahn, who holds a 14.8 per cent stake in Texaco through Trans World Airlines which he controls, had earlier tried to submit an alternative plan but was rebuffed by the courts.

His change of tack will have no significant effect on the vote. But he added that he and his other four nominees will still run for election to the Texaco board at the shareholders' meeting in May unless Texaco puts itself up for sale. If elected, he would try to persuade his fellow directors to solicit takeover bids at more than $55 a share.

Takeover speculation swirling around Texaco has "hampered" its efforts to sell its downstream US operations on the East and Gulf coast to Saudi Arabia, Mr James Kinnear, the group's president said. He stressed that the company was not negotiating to sell its European refineries.

In addition to Mr Icahn's manoeuvres, Mr T. Boone Pickens, the Texas oilman whose stock market raids in the early 1980s triggered a round of oil industry mergers and restructuring, said two weeks ago that he was seeking permission to buy up to 15 per cent of Texaco.

● Homestake Mining, largest US gold producer, said its board had unanimously rejected the $20-a-share takeover bid by Mr Pickens' Mesa Limited

Montedison in L60bn disposal of businesses

By Our Rome Correspondent

MR RAUL GARDINI'S moves to divest "non-strategic" businesses from his Montedison group began yesterday with sales worth about L60bn ($48.2m).

The largest, thought to be worth about L45bn, will transfer the lubricants business belonging to Montedison's Rol subsidiary to Kuwait Petroleum Italia.

The definitive agreement will be signed in April, by which time the activities to be sold will be grouped in a new company, Rol Oil. These accounted for L80bn or one-third of Rol's 1987 sales.

At the same time, Montedison has sold its 50 per cent stake in Italbonder, a metallurgical chemicals manufacturer, for L16.5bn.

The company, which had annual sales last year of L34.3bn and profits of L2bn, will be wholly owned by the Pedrazzini family, which already held the other 50 per cent.

Other sales of subsidiaries are expected later this week as part of Mr Gardini's efforts to reduce the company's L7,800bn debt and to concentrate on chemicals, pharmaceuticals and energy.

The main debt reduction exercise, however, will be based on fusion of Montedison's insurance and financial services subsidiary, Ifiziativa Me.Ta., with Mr Gardini's key holding company, Ferruzzi Finanziaria.

It is hoped the sale of shares in the expanded Ferruzzi company to Montedison shareholders will raise up to L1,200bn.

Buehrmann 40% ahead

BY LAURA RAUN IN AMSTERDAM

BUEHRMANN-TETTERODE, the Dutch paper and board manufacturer, has confirmed that its earnings soared 40 per cent to Fl 130m ($68.4m) in 1987, from Fl 92m the year before. This was in line with the company's forecast last November.

The annual dividend for 1987 was raised 36 per cent to Fl 2.10 a share, from Fl 1.55 in 1986. In recent years, Buehrmann-Tetterode has consistently lifted its dividend in line with robust earnings growth.

Earnings per share climbed to Fl 5.33, from Fl 3.92. Full details will be released on March 25.

Turnover rose 13 per cent, to Fl 3.83bn from Fl 3.4bn in 1986.

Circular of the Central Bank of Nigeria Dated 18th April, 1984

Applicable Foreign Exchange Rates for anticipated Note issue on or about 18th March, 1988

N.B. This announcement only relates to confirmations of eligible debt resulting from notifications issued on behalf of the Central Bank of Nigeria in February/March, 1988 and certain other confirmations as previously notified to creditors.

The spot rates of exchange quoted by The Chase Manhattan Bank, N.A. for the purchase of U.S. Dollars with each of the following currencies in the London Foreign Exchange Market at or about 11.00 a.m. (London time) on 8th March, 1988 and which will be applied in calculating the U.S. Dollar equivalent of confirmed claims owing in other foreign currencies for the purposes of any Notes to be issued on or about 18th March, 1988 are as follows:

Australian Dollar	1.3680	Italian Lira	1236.50
Austrian Schillings	11.7625	Japanese Yen	128.15
Belgian Franc	35.02	Netherland Guilder	1.8810
Canadian Dollar	1.2547	Nigerian Naira	0.7504
CFA Franc	283.75	Norwegian Krona	6.3140
Deutsche Mark	1.6750	Pound Sterling	0.5472
Danish Kroner	6.3975	Spanish Peseta	112.25
French Franc	5.6710	Swedish Krona	5.9440
Hong Kong Dollar	7.8020	Swiss Franc	1,3805
Indian Rupee	12.86		

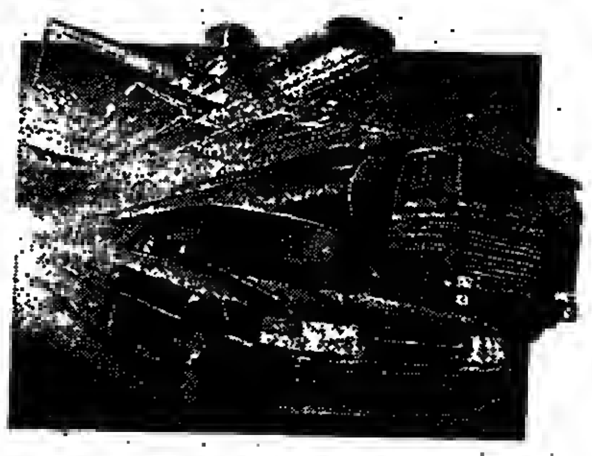
The date anticipated for issue of Notes is subject to alteration.

This announcement is subject to the terms and conditions of the circular.

By: The Chase Manhattan Bank, N.A.
as Reconciliation Bank
for
The Central Bank of Nigeria

CHASE

Improved earnings. For the eleventh year in succession.



COMMENT BY PRESIDENT GEORG KARNSUND:

"Saab-Scania group earnings increased during the 1987 Jubilee Year–Saab 50 Years–for the eleventh consecutive year. Despite a falling dollar and increased product development costs, Saab-Scania was able to improve its profits. This is explained mainly by larger sales volumes, a more profitable product mix and improved net financial income and expenses. In addition, various measures to rationalize operations have been executed and steps have been taken that led to a more favourable currency exposure for the Group..."

"Today, Saab-Scania has renewed product programs within all its business areas. At the beginning of 1988, Scania presented its new truck series, featuring an improved driver environment, new gearbox, new high-performance engine versions with cleaner emissions and better operating economy. This means that Scania is well-equipped for the new year with the biggest product program ever. In January 1988, the Saab 9000 CD was released. For the first time, we now can deliver an up-market car in the Sedan category, accounting for 80 per cent of the world market in the segment where we compete. This model provides us with a far wider sales platform and is the basis for the current expansion of our manufacturing capacity. On the aircraft side, September saw the introduction of a further developed version of the Saab 340 with a more powerful engine and larger payload. Later in 1988, the JAS 39 Gripen, one of the most advanced aircraft systems in the new generation of combat aircraft, will make its maiden flight.

These product programs have further strengthened Saab-Scania's competitiveness."

THE YEAR END REPORT 1987 IN SHORT:

- **Consolidated sales SEK 41 billions, +18 per cent**
- **Consolidated income SEK 3.6 billions, +8 per cent**
- **Return on capital employed 23.1 per cent (25.2)**
- **Income per share (after full tax) SEK 30.30 (27.20)**
- **Income per share (after taxes paid) SEK 40.60 (36.40)**
- **Charge to income of SEK 50 m. to a Jubilee Fund for Group employees**
- ***Issue of convertible debentures to employees of the Saab-Scania Group***
- **The Board's proposal for dividend SEK 6.75 per common share**

CONSOLIDATED STATEMENT OF INCOME

SEK MILLIONS	1987	1986
Sales	41,403	35,222
Operating income before depreciation	4,240	3,998
Depreciation according to plan	–1,377	–1,202
Operating income after depreciation	2,863	2,796
Financial income and expenses	442	330
Share of income of associated companies	240	163
Income before extraordinary income and expenses	3,545	3,289
Extraordinary income and expenses	85	38
Allocation to the Jubilee Fund for Group employees	–50	0
Income before appropriations and taxes	3,580	3,327
Minority interest	–44	–37
Appropriations	–1,344	–1,204
Taxes	–746	–780
Net income	1,446	1,306

SAAB-SCANIA
Leaders in specialized transport technology

For your own copy of the Saab-Scania year end report 1987, please contact Saab-Scania AB, Corporate Communications & Public Affairs, S-581 88 Linköping, Sweden, +46 13 18 00 00. The 1987 Annual Report will be available as of April 22, 1988. The Annual General Meeting will be held in Södertälje, Sweden on Friday May 6, 1988 at 11 a.m.

DBS full-year profits lower than expected

BY ROGER MATTHEWS IN SINGAPORE

DEVELOPMENT BANK of Singapore (DBS), the country's largest domestic bank, announced an increase in after-tax profits of more than a fifth yesterday, somewhat below the level originally anticipated after the strong showing in the first half.

The bank, in which the island's government has a 48 per cent holding, said its results and those of the group as a whole fully accounted for the effects of the stock market crash in October.

The increase in the bank's profits to S$121.8m (US$60.5m) from just on S$100m was a little lower in percentage terms than those achieved by the overall group, where net profits rose to S$154.8m from the previous year's S$124.4m.

A further provision of S$61.8m was made by DBS for possible loan losses and the diminution of other assets, 22 per cent less than a year earlier.

During the year, the DBS Land group of companies achieved a public listing and their contributions were not consolidated into the group accounts. If comparative figures had been adjusted to reflect this change, the group's after-tax profits would have increased by nearly 32 per cent.

The S$95m capital gain made by the bank from the sale of DBS Land shares is shown in the accounts as an extraordinary profit. At group level the figure comes down to S$75.4m as the shares sold were previously recorded at net asset value.

The full amount of the capital gain has been set aside to increase the general provision reserves to meet any future unforeseen contingencies. The bank stressed that this was over and above the provisions already made against possible problems with Third World debts.

In order to mark the bank's 20th anniversary, the directors are recommending a one-for-five rights issue and bonus dividend of 4 per cent. The ordinary final dividend for 1987 is to be 16 per cent.

Japan Air Lines returns to dividends

By Our Financial Staff

JAPAN AIR LINES (JAL), the national flag carrier, yesterday pledged a return to dividends for its year which is about to end, restoring the payout after a three-year gap at a level which exceeded earlier hopes.

The airline announced a distribution of Y40 per share for the year to March – matching the dividend for the 1984-85 year although many forecasts were for only Y30 this time.

Last December, the Japanese Government sold its residual stake of just over a third in JAL for Y643.2bn ($5.03bn) in a privatisation issue which went smoothly despite its negligible discount to the airline's sliding share price.

JAL shares have recovered since then, rising from the Y13,400 offer level to Y16,100 by the end of last week. However, a two-day fall of Y500 left them at Y15,600 by the close yesterday.

By January, JAL was describing a return to dividends this year as certain but yesterday it set the amount and revised upward its forecast for pre-tax profits to Y24.9bn from an earlier Y20bn. This it attributed to an increase in passenger business and cheaper fuel due to the yen's appreciation.

All-round improvement at Amic

BY JIM JONES IN JOHANNESBURG

ANGLO AMERICAN Industrial Corporation (Amic), the industrial arm of South Africa's Anglo American mining house, lifted group turnover to R3.55bn ($1.55bn) last year from R3.14bn and pre-tax profit to R706m from R565m.

All but a few subsidiaries increased their contributions to profits. Mondi, the 63 per cent owned pulp and paper company, lifted its after-tax earnings to R95m from R53m although operations were disrupted by floods in Natal. Mondi benefited from improved pulp export prices and was able to increase prices of paper sold to local users.

Boart International, a wholly-owned mining equipment manufacturer, benefited from increased exploration expenditure by the gold mining industry and lifted its taxed profit to R63m from R43m.

Rising consumer spending lifted sales by the 19 per cent owned Samcor, the local assembler of Ford and Mazda vehicles, which, with fractionally less than 20 per cent of the country's car market, emerged with a slightly lower market share than in 1986. However, increased demand allowed the company to lift its sales by more than 10 per cent.

McCarthy, the 25 per cent owned car retailer, increased new vehicle market penetration to 11.7 per cent from 11.4 per cent.

Amic's net earnings rose to 663 cents a share from 515 cents and the year's dividend has been lifted to 225 cents from 190 cents.

Australian SE in trading ultimatum

BY BRUCE JACQUES IN SYDNEY AND GORDON CRAMB IN LONDON

THE AUSTRALIAN Stock Exchange yesterday threatened to suspend share trading in four leading foreign-controlled companies if they do not provide information about the effects of the October share crash.

The exchange is to enforce its requirement that all companies disclose the difference between book and market value of share portfolios as at December 31.

Those identified include Industrial Equity (IEL) and Brierley Investments (BIL), the two main vehicles of Sir Ron Brierley, the New Zealand entrepreneur. Also warned were Fletcher Challenge, Sir Ron's main rival in New Zealand, and ADT, the Bermuda-based international services company known until last month as Hawley Group.

The requirement has already disclosed paper losses totalling more than A$5bn (US$3.65bn) by leading companies listed in Australia. Among the biggest losers were Mr Robert Holmes à Court's Bell companies, Ariadne Australia, Mr John Spalvins' Adelaide Steamship empire, and Mr Alan Bond'e Bond Corporation.

Sir Ron has until 9am Sydney time next Monday to comply with the stock exchange demand. He appears to be courting the briefest of suspensions for his companies by revealing that the information will indeed be released on that day, but not until 1.30pm.

He plans simultaneously to issue results and share portfolio information for IEL, BIL and the Hong Kong-based Indostrial Equity Pacific. He has already indicated that the share crash initially slashed abont A$700m from the assets of IEL alone.

ADT – which has its main share listing in London – is seeking a dispensation to hold back the information until it issues its annual accounts later in the month.

Mr David Hammond, finance director, described ADT's portfolio holdings as immaterial worldwide and non-existent in Australia. He added that, none the less, "This is balance sheet information. We could not release to Sydney information that we have not released to onr principal exchange."

ADT last week reported 1987 pre-tax profits of US$155.4m. Only $3.1m, or 2 per cent, came from Australasia despite operations there which contributed more than 12 per cent of the group's $1.23bn turnover.

Fletcher Challenge, the forestry-based group which is New Zealand's biggest company, said last November that it still expected net profits substantially above NZ$500m (US$333.5m) for its current year to June – even after allowing for a writedown on the group's share investment portfolio to the market levels which prevailed less than e month after the crash.

After-tax eernings were NZ$355.1m for 1986-87.

Convertible notes issue by Burns Philp

BY OUR SYDNEY STAFF

BURNS PHILP, the Sydney food and hardware group, has accompanied a solid half-year result with the announcement of the Australian market's first major convertible note issue since the October share collapse.

Recognising that equity-raising opportunities are all but dead following the crash, Burns Philp has opted for a placement of subordinated perpetual convertible notes of np to A$200m (US$145.9m), with conditions pitched to attract institutions.

The notes will be issued at A$4 each, compared with the company's share price yesterday of A$4.14, up 4 cents. They are convertible into scrip on a one-for-one basis between November this year and 1995.

More importantly, if the notes are not converted by 1995, they become perpetual securities, receiving the 9.5 per cent coupon offered in the cnrrent issue. Thus, the securities can be classified clearly as equity, not debt, as they will not require repayment.

The issue will seek an initial A$100m with the right to accept oversubscriptions up to a further A$100m and is jointly underwritten by A.C. Goode and First National Underwriters. This form of capital raising could be emnlated by a number of other Australian companies which would have to struggle to raise equity capital in the current market.

Because they can be treated as equity, the notes will reduce Burns Philp's gearing which has been inflated recently following the company's purchases in the US and European food technology industries. The largest of these purchases, the North American-based Fleischmann's yeast and vinegar group, was a major contributor to the company's results in the latest half year to December.

Burns Philp's post-tax earnings were up 31 per cent from A$27.7m to A$36.2m and the company has declared a one-for-five bonus issue with new shares participating in the proposed unchanged interim dividend of 5 cents a share. Led by Fleischmann's, the food division was the main profit contributor with A$19.2m, np 28 per cent

Overall, Burns Philp sales declined 6 per cent from A$669.6m to A$631.4m, reflecting some asset disposals. The result excluded extraordinary profits of A$1.7m (A$2.1m profit previously) and tax took A$18.2m (A$14.8m). Depreciation charges climbed from A$11.6m to A$18.8m but the interest bill was little changed at A$18.9m.

Reorganised Li Ka-shing companies top forecasts

BY OUR FINANCIAL STAFF

HONGKONG ELECTRIC, the power utility controlled by Mr Li Ka-shing, yesterday reported net profits of HK$1.26bn (US$161.5m) for 1987, a year in which its activities were substantially reorganised.

The company span off its holdings not related to electricity with effect from the beginning of last year. It said the result was slightly ahead of comparative earnings for 1986 which, if measured on the same basis, would have been HK$1.21bn.

The actual result for that year was HK$1.50bn, including the businesses now grouped under Cavendish International, which also yesterday reported net profits from operations of HK$667.9m for its first year. The Cavendish outcome was well above a forecast of HK$582m given at the time of rights issues attempted by Mr Li's companies in October, which failed amid the stock market collapse.

Cavendish said it had made an additional extraordinary gain of HK$28.7m from investments including the sale of a 2.45 per cent stake in Pearson, owner of the Financial Times. Other interests of the Hong Kong company cover oil, property and the territory's Hilton Hotel. Turnover was HK$593.3m.

A final dividend of 12 cents a share brings the total distribution for the year to 16 cents, paid from earnings per share of 79 cents.

At Hongkong Electric, profits also exceeded an October forecast of HK$1.23bn. Turnover reached HK$3.02bn from a hypothetical HK$2.74bn and an actnal HK$2.99bn.

Mr Simon Murray, chairman, said electricity demand was at a record and further growth was likely because of property developments due for completion this year.

The company is paying a final dividend of 30 cents a share, for a total effective distribution of 49 cents, drawn from 79 cents per share earnings.

Earnings down by half at United Plantations

BY WONG SULONG IN KUALA LUMPUR

UNITED PLANTATIONS, a leading Malaysian palm oil group, saw net profits cut by e half last year to 4.55m ringgit (US$1.77m) on turnover down 38 per cent to 80m ringgit.

UP, which was formerly controlled by Danish interests but was taken over in 1984 by Fina, a Malaysian government agency, said it enjoyed better earnings from its plantation operations but profits were dragged down by losses at its Unitata refinary.

For the second successive year, UP has omitted a final dividend, saying it has to invest another 30m ringgit to complete the planting of 27,000 acres of jungle land. The gronp has already spent more than 70m ringgit on the development which, when completed at the end of this year, will give UP 60,000 acres.

U.S. $150,000,000

First Interstate Overseas N.V.

Guaranteed Floating Rate Subordinated Notes Due 1995

Guaranteed on a subordinated basis as to payment of principal and interest by

First Interstate Bancorp

Interest Rate	$6\frac{15}{16}$% per annum
Interest Period	9th March 1988 9th June 1988
Interest Amount per U.S. $10,000 Note due 9th June 1988	U.S. $177.29

Credit Suisse First Boston Limited Agent Bank

IRELAND

US$500,000,000

Floating Rate Notes Due September 1998

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 9th March 1988 to 9th September 1988 the Notes will carry an interest rate of $6\frac{7}{8}$% per annum. Interest payable on 9th September 1988 will amount to US$349.48 per US$10,000 Note and US$8,736.98 per US$250,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York, London

Alahli Bank of Kuwait (K.S.C.)

(Incorporated under the Commercial Companies Law of Kuwait)

US$50,000,000

Notice is hereby given that the Rate of Interest has been fixed at 7.25% and that the interest payable on the relevant Interest Payment Date, September 9, 1988 against Coupon No. 8 in respect of US$5,000 nominal of the Notes will be US$185.28 and in respect of US$250,000 nominal of the Notes will be US$9,263.89.

March 9, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

U.S. $500,000,000

CITICORP

Subordinated Bank Adjustable Note Capital Securities BANCS

Notice is hereby given that the Rate of Interest has been fixed at 7.125% and that the interest payable on the relevant Interest Payment Date June 9, 1988 against Coupon No. 6 in respect of US$50,000 nominal of the Notes will be US$910.42.

March 9, 1988, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

These securities having been sold, this announcement appears as a matter of record only.

February, 1988

10,000,000 Shares

The Coastal Corporation

Common Stock

This portion of the underwriting was offered in the United States by the undersigned.

8,000,000 Shares

Shearson Lehman Hutton Inc. — Drexel Burnham Lambert Incorporated

Bear, Stearns & Co. Inc. — Alex. Brown & Sons Incorporated — Dillon, Read & Co. Inc. — Goldman, Sachs & Co.
Hambrecht & Quist Incorporated — Kidder, Peabody & Co. Incorporated — Lazard Frères & Co. — Merrill Lynch Capital Markets
Montgomery Securities — PaineWebber Incorporated — Prudential-Bache Capital Funding — Robertson, Colman & Stephens
Salomon Brothers Inc — Smith Barney, Harris Upham & Co. Incorporated — Wertheim Schroder & Co. Incorporated — Dean Witter Capital Markets
Advest, Inc. — Sanford C. Bernstein & Co., Inc. — William Blair & Company — Blunt Ellis & Loewi Incorporated
J. C. Bradford & Co. — Cowen & Co. — Dain Bosworth Incorporated — A. G. Edwards & Sons, Inc. — First Manhattan Co.
Ladenburg, Thalmann & Co. Inc. — C. J. Lawrence, Morgan Grenfell Inc. — McDonald & Company Securities, Inc. — Neuberger & Berman
Nomura Securities International, Inc. — Oppenheimer & Co., Inc. — Piper, Jaffray & Hopwood Incorporated — Prescott, Ball & Turben, Inc.
The Robinson-Humphrey Company, Inc. — SBCI Swiss Bank Corporation Investment banking — Sogen Securities Corporation
Thomson McKinnon Securities Inc. — Tucker, Anthony & R. L. Day, Inc. — Wheat, First Securities, Inc.
Eppler, Guerin & Turner, Inc. — First Southwest Company — Furman Selz Mager Dietz & Birney Incorporated
Howard, Weil, Labouisse, Friedrichs Incorporated — Rauscher Pierce Refsnes, Inc. — Rotan Mosle Inc. — Underwood, Neuhaus & Co. Incorporated

This portion of the underwriting was offered outside the United States by the undersigned.

2,000,000 Shares

Shearson Lehman Brothers International — Drexel Burnham Lambert International Limited

Algemene Bank Nederland N.V. — Arab Banking Corporation (ABC) Capital Markets Group — Banque Paribas Capital Markets Limited
CIBC Capital Markets — Compagnie de Banque et d'Investissements—CBI — County NatWest Limited
Goldman Sachs International Corp. — Kleinwort Benson Limited — Merrill Lynch International & Co. — Nomura International Limited
PaineWebber International — Prudential-Bache Capital Funding — N. M. Rothschild & Sons Limited
SBCI Swiss Bank Corporation Investment banking — J. Henry Schroder Wagg & Co. Limited — Union Bank of Switzerland (Securities) Limited
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Stephen Fidler on the high-risk business of film finance

Big-screen hit for Hill Samuel

THE COMBINATION of an English merchant bank with a rather stodgy image, an Italian communist film director and a British film production company might appear at first sight an unlikely group to embark on a venture together.

But, together with the not inconsiderable assistance of the People's Republic of China, they have done just this to produce a film which has received nine Acadamy Award nominations and, if not universal critical approval, much popular acclaim. More significantly, from the bank's point of view at least, it also looks likely to be extremely profitable.

The picture was The Last Emperor, the life story of the Chinese ruler whose overthrow in 1912 at the age of six marked the end of 3,000 years of imperial hegemony. Costing $25m to make, it is the the world's most expensive independently financed film.

Its director was Bernardo Bertolucci, maker of films such as Last Tango in Paris and 1900, and its producer, the London-based Recorded Picture Company. Its chairman, Jeremy Thomas, who wanted to raise the money for the film in Europe, says the first bank he approached for finance was Hill Samuel, the British merchant bank.

Hill Samuel said yes, later bringing in four more banks in support of what was then a $24m project – Creditanstalt of Vienna, Pierson, Heldring and Pierson of Amsterdam, Standard Chartered of the UK and the London branch of Götabanken of Sweden. Says Mr Thomas: "The returns for the banks will be very good."

In this case, banks were also attracted to the film, much of which was shot in Beijing's Forbidden City, by the prospect that it would help them improve their commercial links with China.

Hill Samuel has been in film finance since early 1983, hiring Ms Martine Hamon from Libra Bank, the London-based consortium bank with strong links with Latin America. As manager of the bank's film finance division, she heads a busy five-strong team. Having spent 10 years as a specialist in Latin American debt, she says: "I've always been associated with high-risk business."

Acknowledging the risks, the bank moved slowly, starting with simpler transactions, such as discounting contracts. This is where film-makers pre-sell the rights to a movie to distributors and then use banks to discount these contracts. When the distributor receives the film and releases the funds, the banks receive their money and their connection with the picture often ceases there.

Yet, if they can get it, film-makers like to arrange the finance before they start to pre-sell. For one thing, it gives them more clout in negotiations with the distributors.

For banks, this means taking on risks of a completely different order and acquiring a deep knowledge of how the film is to be made. For, as well as fees and interest margins, the banks also take a stake in the success of the movie. This is icing, agrees Ms Hamon, "but it can be very nice icing."

Such financings entail long-term commitments, since banks must follow the progress of a film long after it has been released.

Ms Hamon links success in film finance – Hill Samuel's division has been profitable – to a number of rules-of-thumb:

● Deal with people with a track record – not much hope there for aspiring film producers – and with people of integrity.

● Ensure that a reputable organisation will be selling the product to distributors.

● Make sure the film is backed by a solid completion guarantee. Specialist companies, mainly on the US West Coast, are expert in providing such insurance, which provides support in case the picture misses timing or budget targets. Completion Bond Corporation, based in Los Angeles, provided the guarantee for The Last Emperor.

Martine Hamon: head of Hill Samuel's film finance division

● Surround yourself with dedicated people; the hours are long and the business requires tenacity. Hill Samuel was first approached about The Last Emperor in 1984 and will be following the film's progress until the revenues stop flowing.

● Hire a good team of specialist lawyers. The making of a film involves a huge amount of legal work and a bank sees most of the hundreds of contracts signed, including even those between the actors and the producer. About 9,000 extras were used in the making of The Last Emperor, but together they cost less than the lawyers.

That said, film finance is not an off-the-peg business, but one that has to be tailored to fit in every case and it must be said that the track record of many banks in the business has not been good.

Some which have dipped their toes into the market have found themselves backing "turkeys" to the tune of several million dollars. Bankers are also put off by the huge publicity which surrounds the industry's more grandiose projects, such as Mr Michael Cimino's $40m Heaven's Gate, a commercial failure which buried a studio.

The problem, according to Mr Thomas, is that because they are usually not experts, banks back the wrong horses. "Because it's a specialised area with a lot of alternative investments, they don't always support the right movies," he says.

There is potential, too, for conflicts within banks, since film finance may not be regarded as an activity central to a bank's strategy. Large financial commitments must be supported, even to board level, and that requires a commitment to film finance among senior management.

While US banks are, of course, active in the field, Hill Samuel still has few competitors in Europe. Nevertheless, Ms Hamon says: "Banks in Europe are looking again at the possibility of backing the entertainments industry."

Despite the potential pitfalls, the field may be increasingly hard for banks to ignore. No longer are cinema audiences – and even they have been growing in recent years – the only target for film makers. The video cassette has already altered that. Television in all its numerous guises, with its vast appetite for material, seems destined to change it still more.

Sharp rise for Wardley

BY OUR FINANCIAL STAFF

WARDLEY HOLDINGS, the wholly-owned merchant banking arm of Hongkong and Shanghai Banking Corporation, boosted net profits nearly 2½ times last year to HK$430m (US$55.1m) compared with HK$177m.

It attributed its growth to the buoyant financial conditions which prevailed ahead of last October's collapse in world stock markets.

None the less, Mr John Gray, chairman, said the group's continued strong performance over the last few months indicated that it would have another successful year in 1988.

"In 1987 each of Wardley's main activities of corporate finance, treasury and trading, investor services, debt origination, investment management and broking was able to take full advantage of good market conditions," the company said.

Trizec to borrow $150m

BY STEPHEN FIDLER

TRIZEC CORPORATION, the Canadian-based property concern whose largest shareholders are Edper Investments and Olympia & York, is raising $150m through a seven-year syndicated loan being arranged by Swiss Bank Corporation International banking.

The secured-term loan, which has a lead management group of five European banks already in place, carries an interest margin over London Interbank offered rates of 0.1875 per cent. No prepayment is allowed for three years and participation fees for banks range down from 0.125 per cent for a $15m commitment.

In another real estate financing, Sumitomo Trust has been awarded a mandate to raise a £25m syndicated loan for Ossory Estates of the UK, the latest in a number of Japanese-led financings for British property concerns.

EBC Amro pulls out of London Euromarket

By Alexander Nicoll, Euromarkets Editor

EBC AMRO, the merchant banking arm of Amsterdam-Rotterdam Bank, yesterday announced that it was ceasing international capital markets activities in London with the loss of 65 jobs.

The firm becomes the latest in a string of Euromarkets houses to decide that the meagre returns on Eurobond business do not justify the high overheads incurred by having a London capital markets unit.

Mr Anthony Lund, chief executive, said the group will, however, continue to have a strong London presence with 160 to 170 staff involved in foreign exchange, asset management, corporate finance and international equities – though the last-names activity will be reduced by the cessation of research and sales efforts for UK equities.

Staff were told yesterday that 25 jobs would go in capital markets, 10 in equities and 30 among support staff. Those departing include several executive directors, while some expatriates will be returning to Amsterdam.

Although capital markets responsibilities will be assumed in Amsterdam, the decision effectively means the departure from the Eurobond market of what until 1985 were two well-known players.

In that year, Amro Bank bought out the other six shareholders in European Banking Company, a consortium bank headed from 1973 until 1985 by Mr Stanislas Yassukovich, now chairman of Merrill Lynch Europe and a pre-eminent figure in the Eurobond market.

The two houses both saw their Eurobond market heyday in the 1970s but have not featured significantly among leading new issue managers in the 1980s.

Mr Lund said EBC Amro had been pursuing a niche strategy, focussing on bonds aimed specifically at continental European retail investors, such as issues in Australian and Canadian dollars. But it had concluded that much of this business – especially that of distributing to Dutch investors bonds issued by Dutch borrowers – could be carried on more efficiently from Amsterdam.

The firm lost money in Eurobonds last year. "I don't think any niche player can make money," Mr Lund said, arguing that only the biggest players with large capital backing could do so and that "even for them it gets a bit tough."

US QUARTERLIES

A.H. ROBINS Pharmaceuticals	1987 $	1986 $
Fourth quarter		
Revenues	234.8m	210.8m
Net income	‡1.69bn	26.2m
Net per share	n/a	1.08
Year		
Revenues	855.8m	789.9m
Net income	‡1.63bn	81.8m
Net per share	n/a	3.38

‡ Loss after $1.75bn Dalkon shield accrual

AMERICAN STORES Retailing	1987 $	1986 $
Fourth quarter		
Revenues	3.81bn	3.69bn
Net income	46.1m	55.8m
Net per share	1.31	1.57
Year		
Revenues	14.27bn	14.02bn
Net income	154.3m	144.5m
Net per share	4.19	3.79

CASTLE & COOKE Fruit & vegetables, property	1987 $	1986 $
Fourth quarter		
Revenues	387.7m	341.1m
Net income	19.3m	‡510,000
Op net p/shr	0.36	n/a
Year		
Revenues	1.75bn	1.63bn
Net income	88.5m	72.5m
Op net p/shr	1.65	1.31

‡ Loss

DILLARD DEPARTMENT STORES Retailing	1987 $	1986 $
Fourth quarter		
Revenues	778.9m	629m
Net income	49.7m	37.8m
Net per share	1.55	1.16
Year		
Revenues	2.21bn	1.85bn
Net income	91.3m	75.8m
Net per share	2.83	2.35

FLUOR Engineering, construction	1987/8 $	1986/7 $
First quarter		
Revenues	1.04bn	903.2m
Op net income	9m	‡58.6m
Op net per share	0.11	‡0.74

‡ Loss

THE GAP Clothes retailer	1987 $	1986 $
Fourth quarter		
Revenues	359.6m	298.5m
Net income	21.7m	28.1m
Net per share	0.61	0.80
Year		
Revenues	1.06bn	848.7m
Net income	69.6m	68.1m
Net per share	1.95	1.93

HARNISCHFEGER INDUSTRIES Heavy equipment	1987/8 $	1986/7 $
First quarter		
Revenues	262.6m	193.5m
Op net income	3.1m	‡2.82m
Op net per share	0.12	‡0.09

H.J. HEINZ Canned foods	1987/8 $	1986/7 $
Third quarter		
Revenues	1.25bn	1.10bn
Net income	93.1m	74.7m
Net per share	0.69	0.56
Nine months		
Revenues	3.70bn	3.33bn
Net income	284.3m	244.4m
Net per share	2.14	1.78

UNITED BRANDS Bananas, meat packing	1987 $	1986 $
Fourth quarter		
Revenues	875.2m	843.9m
Net income	5.86m	1.01m
Net per share	0.39	0.06
Year		
Revenues	3.27bn	3.51bn
Net income	59.4m	53.8m
Net per share	3.86	3.38

Two Eurosterling issues amid turbulent trading

BY CLARE PEARSON

TWO BORROWERS tapped the Eurosterling market yesterday amid turbulent trading which saw gilt-edged securities shed up to 1 percentage point in price after Mrs Margaret Thatcher, the British Prime Minister, told Parliament that sterling's renewed strength would not prompt an early cut in interest rates.

Eurosterling bonds were initially marked down, although less severely than gilts, in reaction to her comment. But they recovered their poise towards the close.

Dealers expected the Eurosterling market to continue underpinned by the combination of a firm currency with a wide yield differential over Eurodollar bonds.

Both yesterday's new issues, for Ford Credit Funding, a UK subsidiary of Ford, and Compagnie Bancaire, were launched into the five-year area of the market which shed about ⅛ points in price yesterday afternoon.

Ford Credit Funding's deal was the more fortunate of the two, as much of it was sold during the morning before Mrs Thatcher's statement. Though it was seen as slightly aggressively priced, the 9⅝ per cent bond £50m, priced at 101½, traded as high as less 1.65 bid, against 1⅞ per cent fees. At the close, the bond, led by UBS (Securities), was quoted around its fees.

Baring Brothers' £50m 9¾ per cent bond for Compagnie Bancaire was announced later and so bore the brunt of the sell-off. The lead manager said it traded at less 1⅞ bid, the level of its total fees, although it was quoted at less 1.90 offered elsewhere. It was priced at 101⅛.

Dealers commented that Compagnie Bancaire, which is part of the Paribas group and rated Double A plus by Standard & Poor's, is not well known to Continental investors.

Eurodollar bonds weakened slightly along with US Treasury bonds in continuing uncertainty about the direction of the dollar and US interest rates.

INTERNATIONAL BONDS

A new issue in Ecu for the European Investment Bank was expected to meet fair demand, given the recent upsurge of interest in this sector. But the bond, led by UBS (Securities) came too late in the day to see active trading. The Ecu150m 7½ per cent eight-year issue was priced at 101⅞. The EIB also borrowed in D-Marks yesterday.

Kansallis Osake Pankki and New Japan Securities, as joint lead managers, announced an Ecu50m seven-year 8 per cent bond for Outokumpu, the Finnish mining company, which was pre-placed. It was priced at 100⅞.

In the Japanese equity warrants market, Nomura International launched a $50m bond for Zenitaka, the general construction company which belongs to the Sanwa group. Nomura said it would not be launching any more equity warrants bonds ahead of the deal for Nomura Securities, due to emerge next week.

Zenitaka's $50m five-year issue, with an indicated 4⅜ per cent coupon and par pricing, was quoted at 104½ bid compared with a par issue price.

Daiwa Europe announced a Y13bn bond for Banque Indosuez, split into two equal five-year "bull" and "bear" tranches with their redemption amounts linked to the December 1992 Japanese government bond futures contract. Both tranches have 7 per cent coupons.

In Denmark, the World Bank borrowed DKr500m with a six-year 10 per cent bond which was said to be the first issue for a foreign borrower in the Danish domestic bond market not to be issued in a series of tranches. Den Danske Bank, the lead manager, said the bond had been spurred on by recent strong foreign buying of Danish government bonds.

In Switzerland, prices were unchanged in average volume. Oesterreichische Kontrollbank attracted attention by issuing a 15-year bond with a 4⅞ per cent coupon. This was the first time the 5 per cent level has been breached on a bond of this maturity since last autumn.

The SFr100m bond formed part of a SFr200m transaction, split into two equal tranches, led by Swiss Bank Corporation. The six-year 4 per cent tranche was priced at 100¼, while the 15-year tranche was priced at 100¾.

Citicorp Investment Bank (Switzerland) announced a SFr30m convertible, maturing in May 1993, for Soto Kogyo, the textile dye maker. It has an indicated 1 per cent coupon and indicated par pricing.

Europeans now own 10% of Glenfed

BY JOHN WICKS IN ZURICH

EUROPEAN INVESTORS now own an estimated 10 per cent of the stock of Glenfed, the Californian savings and loan group. Mr Norman Coulson, the company's president, said in Zurich yesterday that this compared with only some 2 per cent three years ago.

Apart from its European shareholders, Glenfed currently has $75m of debt in the form of a Euroconvertible debenture outstanding, as well as SFr100m worth of straight bonds.

In respect of the recent acquisition of a 9.9 per cent equity stake in Glenfed by Royal Trustco, Mr Coulson said that the Canadian company had not indicated what it planned to do with its investment.

Glenfed's assets reached $23.2bn at the end of last year. In the first half of the year to June, net earnings were $80.5bn, up 6 per cent on the same period of 1986-87. It believes analysts' estimates of earnings of between $4.50 and $5.25 per share for 1988 are "realistic."

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on March 8

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	96⅛	96⅛	0	-0⅛	8.62
All Nippon Air 9⅞ 97	100	†98¾	99¼	-0½	-1⅛	9.52
American Brands 8⅞ 92	150	99	99½	-0¼	-0⅛	9.06
A/S Eksportfinans 7¼ 93	100	95⅛	95⅝	-0½	-0⅛	8.67
A/S Eksportfinans 7¼ 92	150	96⅜	96⅞	+0⅛	-0¼	8.29
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	102⅛	102½	0	-0⅛	4.80
Belgium 4⅞ 94	45	97⅛	97⅛	0	-0⅛	5.12
E.I.B 4⅞ 94	40	97½	97⅞	0	-0⅛	5.06
Elec. De France 5⅛ 94	20	100½	101	0	-0⅛	4.93
Kansai Electric 4⅞ 94	60	96⅞	97¼	-0⅛	-0⅛	5.20
[illegible]						

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Banco Hispano Americano, S.A.

February, 1988

US$300,000,000

Euro-Commercial Paper and Euro-Certificate of Deposit Programme

Arranged by:

SBCI Swiss Bank Corporation Investment banking

Dealers:

Credit Suisse First Boston Limited

SBCI Swiss Bank Corporation Investment banking

Shearson Lehman Brothers International

S.G. Warburg & Co. Ltd.

Issue and Paying Agent:

The First National Bank of Chicago, London Branch

SBCI Swiss Bank Corporation Investment banking

Reed Intl to pay £28m for titles

BY RAYMOND SNODDY

Reed International, the publishing and paper group, is increasing its stake in the British consumer publishing market with an agreement to buy the consumer magazine interests of International Thomson Organisation.

Reed is to pay £28m in cash for Family Circle, Living Magazine, the recently launched Practical Series of magazines and the Checkpoint books.

Tha titles are sold in 4,000 supermarkets in the UK and are therefore not seen as direct competitors to Reed's other weekly and monthly titles for women such as Woman's Own and the recently launched Essentials.

Turnover in 1987 of the International Thomson titles involved was about £15m with pre-tax profit of £1.5m before launch costs.

Reed has increasingly been focusing on the publishing industry in the UK and North America for both acquisitions and expansion of existing businesses.

The UK company's pre-tax profits rose 37 per cent to £110m for the first half of last year. The share price has been rising, after being hit by the October crash, but Reed says it has no evidence that this is being caused by a potential predator.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Abbeycrest § ....fin	1.35	Apr 21	0.75*	2	2☆
Allied P'ship ....fin	1	-	1	1.5	1
Blagden Ind ....fin	4	Apr 20	3.7	7.7	7.2
Bluebird Toys § .....fin	6.21†	May 9	4.62	6.21	4.62
City & Comm ....fin	2.8	-	2.67	5.45	5.11
Comm Bnk Nr East fin	30	-	30	30	30
Contl.Micro§ ....int	1.1	May 4	1	-	2.8
Dares Estates ....fin	0.4	May 5	-	0.5	0.1‡
Expamet ....fin	4.5†	-	4.05	7.5	6.75
Green (Ernest) §.....int	1.75	Apr 29	1.5	-	4
Lambert Howarth .fin	6	-	5	8.5	7
Marcol§ ....int	0.73	Apr 29	—	—	—
Miller & Sant § ......int	1.25	June 24	0.75	-	2.35
Paragon Comm .....fin	0.9	-	-	1.8	-
Pentos ....fin	1†	-	0.73	1.3	0.95
Perry Group ....fin	5.3†	July 1	4.35	7.3	6
Michael Peters §.....int	1.5	May 6	1.2	-	3
Prestwich ....int	0.5	Apr 29	0.4	-	1
Sinclair (Wm) § .....int	2	Apr 5	1.5*	-	5.7
Spong Holdings .....fin	0.4†	Apr 29	0.3♣	0.4	0.3
CMD§ 2in	0.65‡	—	0.27	1	0.27

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡Special dividend in lieu of final. ☆For 16 months. ♣For six months. ‡Subject to merger becoming unconditional

Abbeycrest raises £4m for growth

By Fiona Thompson

Abbeycrest, designer and distributor of jewellery, increased 1987 pre-tax profits by 71 per cent and is to raise £4.3m by an issue of shares. The company also said it is to join the main market from the USM.

The 2.62m new ordinary shares have been conditionally placed with institutions, but under a clawback arrangement shareholders can apply for them at 174p per share on a ratio of 1-for-5. Abbeycrest's shares closed 17p down last night at 173p.

The additional funds are required to finance further growth, said Mr Michael Lever, chairman. Mr Lever, a former dentist, founded Abbeycrest in 1979 with Mr Peter Rosenberg, a jewellery agent. The company makas inexpensive necklets, bracelets, earrings and bangles.

The plan is to expand into new product areas such as multiple gift packs, offering a pendant and earrings set for example, ranging from £9.99 upwards.

For the year to December 31, Abbeycrest produced pre-tax profits of £2.36m, compared with £1.38m in 1986, on turnover up from £13.52m to £21.6m. The tax charge rose from £501,000 to £904,000. Earnings per share increased from 6.7p to 11.1p.

A final dividend of 1.35p is recommended, making a total for the year of 2.0p.

Dares Estates rises six-fold to £5m

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE STOCK market yesterday ignored a striking rise in the annual pre-tax profits of Dares Estates, property development and investment company, and allowed the shares to slip 0.5p to 84.5p.

Pre-tax profits at Dares for the year to December 31 were more than six times higher than in 1986 at £5.1m against £747,000. Earnings per share were 2.12p compared with 0.54p for 1986.

The directors have proposed a final dividend of 0.4p, making total payments for the year of 0.5p a share, against 0.1p for 1986.

Although gross rental income during 1987 at £2.8m rose sharply from £1.1m in 1986, reflecting the general trend in the industry, the greater part of the profits increase came from successful trading activities.

The higher level of activity brought in its train increased finance charges which reached £2.58m in 1987 after £871,000 the previous year.

This year, however, such charges will be virtually eliminated. The sale of two properties bought last year – the former Crown Agents building in Westminster and Greenly House in the City of London – have wiped out all Dares' debts save for a debenture stock.

These sales, early in the current financial year, provide the base for a further profits increase. At the same time they leave the group liquid, with the scope to increase its investment income on top of any further rises which might occur in rental income.

The main developments in which Dares is engaged – office schemes in central London and Reading and residential schemes in the Home Counties – should add a new stream of revenue in 1989 and 1990.

Merivale Moore stable at midterm

Merivale Moore, yesterday announced stable half yearly results, holding the gains of 1986-87 when turnover and profits doubled.

Adjusted pre-tax profits for the six months to end December were £3.46m compared with £3.34m in the same period of 1986, and earnings per share were 17.7p against 16.4p.

But the directors have pushed up by 50 per cent the interim dividend to 2.25p per share.

During the first half, Merivale Moore made a net profit of £2m from property sales, taken beneath the line as investment disposals.

Despite the slight movement in the results, the shares rose 20p yesterday to 360p, which is 120p under their 1987-88 high point.

This notice is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities.

BTP plc

(Registered in England under the Companies Acts 1908 to 1917—Number 172280)

Issue of 11,629,644 7.5p (net) convertible cumulative redeemable preference shares of 10p each in BTP plc in connection with the acquisition of

Graesser Laboratories Limited

Authorised £		Issued and fully paid £
1,162,965	7.5p (net) convertible cumulative redeemable preference shares of 10p each in BTP plc	1,162,964

The Council of The Stock Exchange has admitted 11,629,644 7.5p (net) convertible cumulative redeemable preference shares of 10p each to the Official List. Listing Particulars relating to such shares have been circulated in the Extel Statistical Service and copies of the Listing Particulars may be obtained during usual business hours up to and including 11th March, 1988 from the Company Announcements Office of The Stock Exchange and up to and including 23rd March, 1988 from:

BTP plc
Hayes Road,
Cadishead,
Manchester M30 5BX

S. G. Warburg & Co. Ltd.
33 King William Street,
London EC4R 9AS

Lloyds Bank Plc
Registrar's Department,
Goring-by-Sea,
Worthing,
West Sussex BN12 6DA

Cazenove & Co.
12 Tokenhouse Yard,
London EC2R 7AN

9th March, 1988

Elders IXL announces record half year: Profit up 83%, revenue up 61% and dividend up 50%

This year Elders IXL Limited has outstripped all market forecasts to record its best interim result, ever.

So marked has Elders' growth been in the past two years that our 83% rise in equity accounted earnings to A$272.14 million in the December half has eclipsed our company's full year result for 1985-86.

We credit this success both to the sound business fundamentals and to the skill of our people, a central feature of Elders' successful performance.

Commitment to real growth in profits is also reflected in the 50% increase in dividend payments as well as the one-for-four bonus issue.

Highlights of the six months to December 31 were:

- **Outstanding results** from Elders Brewing and Elders Agribusiness Groups.
- **Further internationalisation** of Elders Agribusiness Group through key acquisitions in the United States, Canada and Europe.
- **Acquisition of a strategic interest** in Rada Corporation which in turn has a 44% interest in New Zealand Forest Products Limited, leading to the proposed merger of Elders Resources Limited and New Zealand Forest Products. If this merger proceeds, Elders Resources will become a major trans-Tasman natural resources business with total assets of almost A$4 billion.
- **Agreement with BHP** to participate jointly in the company which holds Elders' 18.9% stake in BHP, releasing A$1.6 billion in cash.

Operational Review

Over the past six months each Elders' core business produced a continuing, solid cash flow and a strong profit stream in highly competitive environments.

"Elders' interim balance sheet is a reminder of the company's sound operating businesses, solid cash flows and shared management skills."

- **Elders Brewing Group** maintains a strong regional presence while developing our global brand: Foster's Lager. Foster's is now the most widely distributed lager in the UK and sales are up 80% in the United States.
- **Elders Agribusiness Group** has also increased its returns through expansion of its grain business into Canada and the United States and its malting business into Europe. In Australia, good seasonal conditions and improved commodity prices assisted the Group's rural businesses.
- **Elders Finance Group** has received the full benefits of its geographic restructuring and performed ahead of the previous period, despite the fall in stockmarkets. An increase in its provisions to cover all potential exposures is expected to ensure a promising outlook for the second half.
- **Elders Resources Limited** has completed a solid six months due to the contribution of its gold mining and other operations in Australia and the successful expansion of its international trading activities.
- **Elders Investments Limited**, backed by the resources and expertise of Elders IXL, has maintained a strong cash position and is well placed to take advantage of further investment opportunities as they arise.

Elders' interim balance sheet is a reminder of the company's sound operating businesses (many in non-cyclical sectors), solid cash flows and shared management skills. It's a reminder that Elders IXL intends to keep making strong profits in the years ahead.

Investor Details
Six months to December 31

	1986 A$ million	1987 A$ million	% change
Revenue	$4,731	$7,615	+ 61%
Profit before tax	$232.8	$477.5	+105%
Net income	$148.7	$272.1	+ 83%
Results per ordinary share			
Earnings per share	23.0c	26.8c	+ 17%
Dividends*	6.3c	9.5c	+ 50%

*Adjusted for bonus issues

DRELD07AUK

Elders IXL

Residential Property

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A toast from the balcony of your new Wates Home in fashionable Wapping.

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United Kingdom Portfolio	£1.05
Continental Europe Portfolio	DM3.15
Japan Portfolio	£1.05
Pacific Portfolio	$2.10
Gold Portfolio	$2.10
UK Growth of Income	£1.05
Sterling Gilt Portfolio	£1.05
Dollar Bond Portfolio	$2.10
Global Bond Portfolio	$2.10
Dollar Portfolio	$2.027
Yan Portfolio	£1
Deutschmark Portfolio	DM3
Sterling Portfolio	£1

as at 8th March, 1988.

UK COMPANY NEWS

UniChem castigates Macarthy's record

By David Waller

THE bid battle between UniChem and Macarthy reached a new pitch of acrimony yesterday as UniChem issued a defence document which castigates Macarthy's trading record and contains an ambitious profits forecast.

UniChem, the pharmaceutical wholesaler which has the unusual legal status of a friendly society and is owned by 4,000 of the UK's independent chemists, predicts that it will make pre-tax profits of approximately £12m in the current year, a 54 per cent increase over the £7.8m made last year. It also forecast that turnover will be 29 per cent ahead at £700m.

On this basis, UniChem claims that its shares are now worth over £36 each, giving it a notional market capitalisation of £100m. This exceeds both the £65m value of Macarthy's bid cash-and-shares bid, and UniChem's own valuation released in January when it announced its plans to shrug off its status as a co-operative and seek a stock market listing in 1990.

Then, UniChem said that it would be worth £100m on flotation, by which time its share capital would have doubled from its present level because of a controversial incentive scheme which links the issue of new shares at £1 to the level of purchases made with UniChem between now and 1990. The latest forecast, prepared like the original one by UniChem's stockbrokers Phillips & Drew, is based on the current number of shares in issue.

The document also questions Macarthy's financial record since February 1986, when Mr Nicholas Ward, the present chairman and chief executive, assumed control. It queries whether the company would have made a pre-tax profit at all in the year to October 3 1987 but for a pension fund holiday and extraordinary items of £8.3m.

Mr Ward said last night that UniChem's forecast was entirely hypothetical. He argued that the co-operative was not floatable so long as the scheme was in operation – and that customers would fall away once the scheme was withdrawn.

M and S signs $770m US deal

BY MAGGIE URRY

Marks and Spencer yesterday signed a definitive agreement with Canadian property group Campeau, to buy Brooks Brothers, the 47-store US menswear retailer. The deal is conditional on Campeau's current bid for Federated Department Stores succeeding.

M and S said that it is confident that the deal, if it goes through, "will achieve an outstanding strategic platform for M and S to expand internationally in North America and the Far East."

Mr Keith Oates, M and S finance director, said that the due diligence review of Brooks Brothers had been completed and everything had been satisfactory. He could not comment on the chances of Campeau's bid succeeding.

He said the deal would be important in serving M and S's ambitions in the Far East as well as in North America. Brooks Brothers' has a 51 per cent owned joint venture with the Japanese company Daido. M and S has already set up a buying operation in Hong Kong in advance of opening its first store there soon.

The total purchase price of $770m (£421m) includes $50m covering a "non-compete" agreement, under which Campeau will not set up a speciality menswear operation in North America or Japan for five years. Mr Oates said that the $50m could be written off against tax over the five years.

As well as buying Brooks Brothers, Campeau has agreed to give M and S preferential rights to sites in its new and existing malls for five years. Also M and S would have a three year exclusive right to develop food departments within Campeau's department stores should it decide to develop a specialist food retailer in the US.

Mr Oates, who has been handling the negotiations with Campeau, said that it was very difficult to value these rights but the potential could be substantial if M and S expands aggressively. "They give us the same chance in the whole of North America as we have in the UK," he said. Since the M and S name is little known in the US it could have proved hard to win sites.

M and S also revealed details of the funding of the proposed deal. Of the $770m total, $450m would in effect be lent to M and S by Campeau. M and S would issue a promissory note to Campeau, paying an annual interest rate of $8\frac{1}{2}$ per cent, and repaying the capital after 10 years. The remaining $320m would be paid from M and S's internal resources.

Mr Oates said that the promissory note was a tax effective way of financing the purchase. Also the $8\frac{1}{2}$ per cent interest rate was about $\frac{1}{2}$ percentage point below the rate M and S would have to pay in the open market, saving $$2\frac{1}{4}$m a year on the interest charge.

● R H Macy, the US retailer, yesterday formally launched its $5.24bn (£2.87bn) bid for 80 per cent of Federated Department Stores and sued Campeau in a Manhattan court in an attempt to remove the Canadian company's time advantage. In its suit, Macy's alleges that Campeau's improved offer, which is due to close on March 15, is in fact a wholly new offer that must be open at least 20 business days under Federal securities laws.

See Lex

Ford dealerships aid Perry rise to £6m

BY FIONA THOMPSON

Perry Group, motor dealer and estate agent, increased pre-tax profits by 28 per cent to £6.03m in the year to end-December. The advance from £4.7m was made on turnover up 36 per cent to £232m (£171m).

During the year Perry increased its franchised car dealerships from eight – seven Ford and one GM – to 17, adding three Volvo, one Jaguar, one Land Rover/Range Rover and four Austin Rover dealerships.

"The Ford dealerships did extremely well, and still provide the lion's share of profits," said Mr Richard Allan, chairman. But the company was keen to continue its policy of diversifying profits by widening its range of dealerships.

"We hope to take on half a dozen more this year, possibly some more Volvo and Rover and one more Ford dealership. We are having talks with Toyota at the moment and we're still negotiating with Peugeot."

The current year had started well, with a buoyant new car market. And, happily, the dispute at Ford was settled speedily, he said.

The attempt to broaden the company's base by opening estate agencies, begun a few years ago, had not been a great success. The division continued to underperform, said Mr Allan. If the agencies were not on budget by the end of the first quarter of this year, "they will have to go" he said.

From the Ford dealerships, operating profits from hire purchase commissions rose from £890,000 to £1.7m; new car profits from £1.28m to £2.32m; used cars from £1.3m to £1.9m; vans and trucks from £183,600 to £273,000; and parts from £1.6m to £2.3m.

The tax charge rose from £1.82m to £2.33m, though interest payable dipped from £1.06m to £796,000. Earnings per share increased from 15.8p to 20.1p.

A final dividend of 5.3p was recommended, making a total for the year of 7.3p (6p).

● comment

These figures reflect Perry's strong growth both organically – it has increased its market share from 3.37 per cent to 3.53 per cent of all Ford registrations – and through acquisitions. Though the Rocar purchase has not notched up profits this time, its three months contribution accounted for about £7m sales. Volvo, for six months, brought in £170,000 profits, after financing costs, on about £7m sales, and looks well able to produce profits of about £750,000. The long running sore remains estate agents – which again made a loss, this time £500,000. A decision on their future looks likely soon, and not before time. Pre-tax profits forecasts for this year range between £7m and £8m - depending on whether Perry keeps the agents or disposes of them and takes the losses below the line – producing a prospective p/e of about 9.

Imports keep Lambert Howarth in check

BY ALICE RAWSTHORN

Lambert Howarth, the footwear and luggage group, yesterday announced that pre-tax profits had risen by just 4 per cent to £2.1m in 1987, reflecting the intensely competitive climate of the footwear market.

During the year the flow of imported shoes from the Far East accelerated rapidly due to the decline of the US dollar and the related Far Eastern currencies.

Lambert's response to this competitive climate was, according to Mr Martin Jourdan, chairman, to maintain its market share, even at the expense of profit margins.

Thus while turnover rose by 26 per cent to £42m, the growth in operating profits was slower at 15 per cent to £2.3m. Earnings per share rose to 27.4p (24.1p) and a final dividend of 6p makes 8.5p (7p).

Mr Jourdan said trading in the opening months of 1988 had been "quite good."

● comment

Lambert Howarth, like its fellow footwear manufacturers, is a victim of economic events beyond its control. In many ways it is in a better position than most, in that it can at least balance its business between manufacturing and importing. The economic outlook is far from encouraging, but Lambert should glean some benefit from its investment in productivity and management over recent years. Moreover the Custom business offers plenty of scope for the future, especially if it can make the most of the cult appeal of the Globetrotter brand. The City expects a modest increase in profits to £2.4m, with a prospective p/e of 8, this year. As for the share price, its prospects hinge on economic events and are thus, unluckily for Lambert, well beyond its control.

TV-am acts to halt votes on 15% of its shares

By Raymond Snoddy

TV-am announced yesterday it had disenfranchised 15 per cent of its shareholdings following a stern warning from the Independent Broadcasting Authority that the company's franchise could be in jeopardy unless action was taken over undisclosed Saudi shareholdings.

The commercial breakfast television station listed the owners of more than 2.7m disenfranchised shares as: Khalid Bin Fahad, Al Bilas Establishment for Trading and Economy, Stitching Administratiekantoor, Beaverbrook Investments, Aitken Telecommunications Holdings and Aitken Overseas.

The company has served notice that the shares are disenfranchised on the ground that they are held by restricted investors according to TV-am's articles of association.

The IBA only found out recently that since last summer the 15 per cent shareholding had been controlled by Saudi interests.

The TV-am board meets today to consider further action to meet IBA stipulations. The Authority decided last week that unless it is given strong reasons to the contrary the special dispensation allowing Aitken Telecommunications to hold more than 10 per cent of TV-am will be withdrawn by March 11.

All the signs are that the entire 15 per cent stake will be sold in a single block and TV-am expects the matter to be resolved quickly.

The IBA has warned TV-am that if the necessary disposals are not made within a 60-day period it could issue a "determination notice" to remove the franchise.

Improved efficiency behind £2m profits advance at Blagden

BY DOMINIQUE JACKSON

Blagden Industries, steel drum manufacturer, posted pre-tax profits up a third from £6m to £8m on turnover up from £135m to £148m for the year ended December 27 1987.

Mr John Gillum, chairman, said the highly satisfactory results demonstrated improving efficiency within the group.

A final dividend of 4p makes a total of 7.7p (7.2p).

Mr Gillum said the European drum companies performed very well with an exceptionally pleasing first-time contribution from Plastumi, a Belgian plastics packaging company acquired during the year. Also in Belgium, drum reconditioner Verstraete had an excellent year.

Mr Gillum pointed out that part of the company's longer term strategy will concentrate on bringing UK drum reconditioning operations, which have not performed well, up to a similar level of performance.

Despite slack trading conditions in the protective equipment market, the Martindale subsidiary managed to show a modest profit increase.

Mr Gillum said a delay in the granting of planning permission had held up the sale of the company's former 10.5 acre site in Billericay. The proceeds of this planned sale had consequently not yet filtered through, as was anticipated, to the company's balance sheet.

The successful integration of Plastumi had encouraged the board to contemplate another acquisition.

The company will look at businesses with similar or complimentary activities to the group's core steel drum manufacture, plastic and chemicals and packaging concerns.

After tax of £3.4m (£2.25), earnings per share were 15.2p (12.9p).

● comment

These figures came in above expectations and were accompanied by the reassuring footnote that Blagden had increased the dividend after two years of static returns. The shares moved up marginally. Although Blagden's performance has never prompted wildly enthusiastic response, the company has now become a streamlined and very efficient business. The core steel drum operations benefited from generally increased demand throughout Europe. However, the market is a mature one and Blagden's decision to boost profits from the division with the purchase of Read's drum business has proved a sound move. The company is also far sleeker without the plastic injection moulding business. If the protective equipment market fails to improve, Martindale could be the next disposal. The company has taken drastic measures at its Spanish arm, hit last year by new EC packaging regulations, and the operation managed to break even. Forecasts for the current year of £9m give a prospective p/e of around 11.

Cifer shares fall 20% on first half warning

BY PHILIP COGGAN

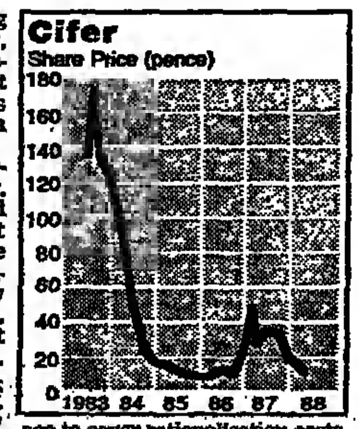
SHARES IN Cifer, the struggling USM-quoted electronics company, fell by more than 20 per cent yesterday after the chairman said at the annual meeting that it was unlikely the group would make a profit in the first half.

Mr Oliver Newland, the chairman, said that the current year, which began on October 1, had started well but the improvement was not sustained during the pre-Christmas period and in January. He added that the company did not have infinite reserves, and it was thus unable to sit tight in a difficult trading period.

Accordingly, the board took steps in January to reduce overheads – cutting the number of employees by 28 to 64. Although rationalisation costs and January's losses meant that Cifer was unlikely to show a first half profit, it should be able to trade profitably in the future despite the heavy interest burden.

Cifer joined the USM in 1983 via an offer-for-sale by tender and the shares briefly reached a peak of 188p. But problems quickly occurred when demand for the company's 8-bit micros declined. In 1984, the company made an interim loss of just under £1m and had to make 126 workers redundant.

The eventual full year loss was £3m and the company turned to Lloyds Bank and Investors in Industry (3i) for a financing package to cover rationalisation costs. Unusually, the financial institutions were given the right to convert their loans into equity.



Since then, Cifer has struggled to return to profit – cutting out microcomputer manufacture and concentrating on visual display units.

Although Cifer did record small pre-tax profits in each of the last two financial years – £42,000 and £231,000 – the shares have remained in the doldrums, falling 4p to 14p yesterday.

Although the options granted to 3i and Lloyds Bank will run out at the end of this month, Mr Newland says it is unlikely that the lenders will choose to convert into equity and forego the interest on their loans.

Michael Peters 70% up after all-round growth

Michael Peters Group, marketing services consultancy, improved its pre-tax profits by 70 per cent from £312,000 to £530,000 in the six months to December 31 1987. Turnover rose from £5.06m to £7.52m, an increase of 49 per cent.

Mr Michael Peters, chairman of this USM company, said clear progress had been made in each of the group's four areas of activity, particularly in the corporate communications and retail divisions. He anticipated further substantial growth during the second half – the period when the majority of its profits were normally earned.

During the opening half, the group acquired Hambrecht Terrell International and Spectrum Communications. Mr Peters said the group was well ahead with its programme to maximise the benefits of the merging of these two businesses.

The directors considered the results to date and the prospects for the full year justified an increased interim dividend of 1.5p compared with 1.2p. Stated earnings per 25p share improved from 2.7p to 4.63p.

Dubilier subsidiary £37m sale

By Andrew Hill

Dubilier International, electronic component manufacturer, is to sell Beswick, its circuit protection subsidiary, to Cooper Industries, Texas-based electrical and industrial manufacturer, for £37m cash.

The group's shares started the day at 137p and rose nearly 10 per cent on news of the deal – which values Beswick at 22 times earnings – to close at 152p.

"In this particular market I am led to believe that it's looked upon as quite a good deal," said Mr Chris Bean, deputy chairman.

Mr Bean said the company now intended to concentrate on its connector business, expanded in August by the acquisition of Coline International, which makes and supplies accessories for electronic test equipment.

Following a change of year-end, the company also announced pre-tax profits of £6.7m on turnover of £49.61m for the 15-month period to December 27. This compared with profits of £5.06m on turnover of £35.46m for the year to September 28 1986.

Beswick contributed about £2.5m before tax to the 15-month figures and currently has net assets of about £8.6m.

The directors are recommending a final dividend of 1p. When combined with the two interim dividends this makes 4.85p for the 15 months, compared with 3.1p for 1985-86. Earnings per share for the period were 12.3p (10.6p).

The figures included an extraordinary debit of £948,000 to cover the settlement of liabilities on previous divestments and the £500,000 cost of closing one of Dubilier's US factories.

● comment

Dubilier seems to be terribly good at selling things – it remains to be seen whether future purchases will be as shrewd. Certainly there is no cash shortage now and Mr Bean is unlikely to spend it on companies for sale on 22 times earnings. Yesterday's sale to Cooper gives Dubilier over £28m, with which Mr Bean aims to make the group one of the top five radio frequency connector manufacturers in the world: the speed with which Dubilier has integrated Coline illustrates the company's determination. On the trading front the group seems to have got its US subsidiary back into profit and the group should make over £9m before tax this year. This puts the shares on a prospective p/e of about 11, which looks about right.

This announcement appears as a matter of record only

US $ 53,000,000

Cross Border Lease Financing of 2 Mc Donnell Douglas MD-87 Aircraft for

AUSTRIAN AIRLINES

Österreichische Luftverkehrs AG
Vienna, Austria

Citibank, N.A. acted as advisor, structured and arranged this transaction

November 1987

CITIBANK

City Merchant Developers plc
(formerly Rivlin PLC)

Substantial growth in profits, earnings and net assets.

Preliminary Results

for the twelve months ended 31st December, 1987

	12 months to 31.12.87 £000	8 months to 31.12.86 £000
Profit/(loss) on ordinary activities before taxation	8,722	(149)
Taxation	905	142
Profit/(loss) on ordinary activities after taxation	7,817	(291)
Earnings/(loss) per share before extraordinary items	10.7p	(4.6p)
Net assets per share	73.9p	35.8p

Results
The company reports profits before tax of £8.72 million, earnings per share of 10.7p and net assets per share of 73.9p.

Property Development
Development programme continues to expand. The spread of activity has widened and the portfolio includes substantial interests in major office schemes in the City and West End and significant retail projects in the provinces.

Property Investment
Investment properties valued in excess of £95 million include commercial, retail and industrial properties across the U.K.

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City Merchant Developers plc 70 Fleet Street, London EC4Y 1EU Telephone: 01-353 6565. Telex: 924369. Fax: 01-583 2007.

UK COMPANY NEWS

Bluebird Toys profits expand 43% to £2.5m

BY DOMINIQUE JACKSON

Bluebird Toys, fast growing USM-quoted toy manufacturer, yesterday announced pre-tax profits up 43 per cent from £1.74m to £2.49m on turnover of £20.4m (£11.9m) for the year to end December 1987.

Mr Torquil Norman, chairman, said the results included a six month contribution from Peter Pan Playthings which the company acquired in June for £3.5m from Hanover Acceptances.

The directors recommended a dividend of 6.305p (4.165p). After tax of £860,000, earnings per share were 25.2p (18.1p).

Founded by Mr Norman in 1981, Bluebird has grown swiftly and was launched on the USM in 1985. The group now holds 3 per cent of the UK toy market.

Mr Norman said emphasis in the toy market was moving away from character merchandise such as the Postman Pat and Thomas the Tank Engine lunch boxes, flasks and toys in which Bluebird is a market leader, and back to more traditional playthings.

The acquisition of Peter Pan, which has a strong range of well-established and familiar brand names, among them Etch-a-Sketch and Plasticine plus popular games such as Othello, would help Bluebird adapt to this trend, he added.

Mr Norman said group liquidity was strong with total cash at bank or on deposit at £2.96m (£2.7m).

The company last year made a substantial £1m investment in new injection moulding tools which was providing good returns.

Mr Norman said new additions to the Bluebird range, particularly the Oh Penny dolls house and Red Venom, a space ship to accompany last year's award-winning Manta Force, were seeing good demand and he was confident about the company's prospects for the current year and thereafter.

Torquil Norman: emphasis in the toy market moving back to more traditional playthings

comment

There is good news for parents who have reached the end of their tether - and the bottom of their wallets - because of demands from their children for character toys. These are the myriad playthings featuring popular television and comic figures, exemplified by the obsequious and ubiquitous Postman Pat. At last, toy trends are moving back to old favourites like Plasticine. With Peter Pan, Bluebird should cope with this swing in playroom fads. However, it now appears there is more work to be done on repackaging the excellent but under-used brand names than initially appeared. The figures were a touch below expectations but this was due more to a surprisingly late Christmas for retailers than to any real problems at Bluebird, a well-run company which continues to show design flair and innovation in a perennially difficult market. Current year forecasts for £3m give a fairly-pitched prospective multiple of around 12.

Acquisitions strengthen Spong

Spong Holdings, retail display systems, clothing, housewares and marketing services group, has reported taxable profits of £1.04m on sales of £20.15m for the year to October 31 1987. The directors are declaring a final dividend of 0.4p per ordinary share.

Because of the change in the accounting period in 1986 no detailed 12-month accounts are available for the comparable period of last year.

The directors said the acquisitions made during the latest period - C & J Murrell, Norank Systems, the Harmer school blazers business and Lin Pac Consumer Products - had added further strength to the group. The results of C & J Murrell had been included on merger accounting principles and the other acquisitions had been consolidated on the basis of five months for Norank and one month for Harmer and Lin Pac.

The clothing division had been rationalised and the extraordinary item of £262,000 reflected the net closure costs of the Wisehouse clothing business.

Undiluted earnings per share are put at 0.97p, calculated on the weighted average of 51.46m (1986 40.22m), allowing for the shares issued in respect of acquisitions, and the shares issued under an open offer on September 2 1987.

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited ("the Stock Exchange") and is not an invitation to any person to subscribe for or purchase any shares.

GWR GROUP PLC
("the Company")
(Incorporated in England under the Companies Act 1948 with Registered Number 715143)

SHARE CAPITAL

AUTHORISED		ISSUED AND FULLY PAID
£326,000	in Ordinary Shares of 20p each.	£296,272
£368,876	in Deferred Shares (non-voting) of 5p each (in respect of which application is being made to the Court for confirmation of their cancellation and extinguishment).	£368,876

In connection with an introduction to the Unlisted Securities Market of The Stock Exchange arranged by Stock Beech & Co. Limited application is being made to the Council of The Stock Exchange for the admission of the whole of the issued ordinary share capital of the Company to be dealt in on the Unlisted Securities Market of The Stock Exchange. Dealings are expected to commence on 14 March, 1988.

The principal activity of the Company and its subsidiaries is the provision of independent radio broadcasting over the Bristol & Bath, Swindon/West Wiltshire, the Plymouth and South East Cornwall areas.

Particulars relating to the Company are available in the Extel Statistical Services and copies of the particulars may be obtained during normal business hours on any weekday (Bank Holidays and Saturdays excepted) up to and including 23 March, 1988 from:

STOCK BEECH & CO. LIMITED
Warnford Court, Throgmorton Street, London EC2N 2AY
Bristol & West Building, Broad Quay, Bristol BS1 4DD
and
Osborne Clarke, 30 Queen Charlotte Street, Bristol BS99 7QQ

9 March, 1988

Allied Partnership Group Plc
Formerly
Allied Plant Group Plc
APG ACHIEVES A RECORD PRE-TAX OF £3.6m UP 120% AND AN 85% LIFT IN EARNINGS PER SHARE

AUDITED TWELVE MONTHS REVIEW
ABRIDGED CONSOLIDATED PROFIT AND LOSS ACCOUNT

12 months to 31st December 1987	1987 £'000	12 months ended 1986 £'000
Turnover	84,067	47,368
Profit before minority interests and taxation	3,614	1,646
Minority interests	–	(22)
Taxation	(1,030)	(334)
Attributable profit after taxation	2,584	1,290
Dividends paid and proposed	676	827
Retained profit for the year	1,908	463
Earnings per share	4.22p	2.26p

Note: Earnings per share in 1987 and 1986 based upon 60,818,224 and 56,091,648 respectively

Allied Partnership Group (APG) report pre-tax profits up by a record 120% and earnings per share up 85% in the year ended 31st December 1987.

For the period the specialist hire and construction based services group achieved record pre-tax profits of £3,614,000 against £1,646,000 in the comparative period last year.

Earnings per share sharply increased to 4.22p (2.26p) and balance sheet gearing stood at 25%.

Commenting upon the results, Chairman and Chief Executive, Martyn Rose said, "These record results reflect the success of our strategy of organic acquisition led growth. The strength of the Group's position is reflected in the tangible increase in net asset value to £21m against £0.4m 5 years ago."

In the last three years alone compound growth in earnings and assets per share has been 65% and 36% respectively.

During the year the Board achieved significant improvements in the quality and absolute level of earnings across all divisions. All divisional budgets were exceeded eliminating any benefits accruing from the acquisition made during the year of Tiger Rail Limited and Vernons Plant.

Turning to the future Mr. Rose said, "The Group's portfolio of niche activity companies with strong and expanding market shares gives us confidence for the future.

Present indications are that the year has begun strongly and the Group is well placed to take advantage of opportunities as and when they arise through acquisition and continuing investment in existing operations."

- Record pre-tax profit of £3.6m – Plus 120%.
- Earnings per share of 4.22p – Plus 85%.
- Net asset value £21m – Plus 65%.
- Final dividend of 1p net per Ordinary Share, total dividend – Plus 50%.
- 3 Year compound growth rate – of Earnings Plus 65% of Assets Plus 36%.

APG

Paragon at £0.7m after organic growth

Paragon Communications, a public relations company which obtained a listing in December, has announced pre-tax profits for 1987 more than doubled to £710,000 against £303,000. Turnover rose from £4.09m to £6.05m.

A final dividend of 0.9p is recommended, making a total of 1.8p for the year. Earnings per 5p share moved ahead to 8.9p (3.5p) after tax of £368,000 (£129,000).

The results reflected strong organic growth, the directors said, particularly in the consumer, corporate and business and technology divisions, all of which achieved significant increases in fee income.

The current year had started with a number of major client gains and the directors were confident that strong organic growth would be continued as well as the development of additional businesses which would lead to further expansion.

Leisuretime loss surges to £1.3m

Turnover at Leisuretime International increased by 13 per cent from £11.45m to £12.92m in the year to end-October 1987, but this worked through to a pre-tax loss of £1.3m, a ninefold increase on the comparable £140,000 deficit. No dividend is being paid.

This hotel and travel group had warned that its loss after extraordinary items could reach £2.75m, this has actually come out at £2.46m.

The directors said it had been necessary to provide for certain tax and other liabilities associated with past events and problems in the group.

In January the Jivraj family took a 29.8 per cent stake in Leisuretime, which they intend to develop into a vehicle for their worldwide leisure interests. At the same time the departure of the Aitken family from the board was announced.

Continental Microwave higher

With all areas of its business progressing well, Continental Microwave (Holdings) increased its pre-tax profits from £370,000 to £437,000 in the six months to December 31 1987, and the interim dividend of this USM company is increased from 1p to 1.1p net.

All divisions reported profits in excess of the forecast for the six months, and demand for the company's products - it manufactures telecommunications, broadcast and defence electronics equipment - continued, and with a supportive order book, it was experiencing the normal disparity between the two half years.

Turnover for the opening half rose from £5.87m to £7.1m. There was a tax charge of £125,000 against £113,000, and stated earnings per share improved from 3.2p to 4.2p basic, and from 3.9p to 4.7p fully diluted.

Marcol rises 14% to £0.46m midway

Marcol Group in its first report since joining the USM last September showed pre-tax profits for the six months to the end of December up by 14 per cent on turnover which was nearly 50 per cent higher.

Earnings per 5p share came out at 2.15p, against 1.98p, and the initial interim dividend is 0.73p.

On turnover of £3.46m (£2.31m) pre-tax profits for this software company specialising in aerospace and avionics were £461,000 (£404,000). Mr David Beattie, chairman, said the rise in turnover resulted from organic growth and the inclusion of Avonicom.

He added that it was usual for the second half to be substantially more profitable and that the first half included some costs which should lead to additional business in the present six months.

Helix Software, acquired in December, was trading profitably following reorganisation and was expected to contribute to profits in the present year.

Tax took £165,000 (£145,000) and dividends absorbed £104,000 (£27,000).

Tricentrol offer

Atlantic Richfield and Arco UK own or have acceptances in respect of 83.02m ordinary shares, about 88.8 per cent, of Tricentrol.

At the first closing date on Monday valid acceptances of the offer, which became unconditional on February 22, had been received in respect of 15.86m shares (about 17 per cent). The offer remains open until further notice.

Anglo American Industrial Corporation Limited
Incorporated in the Republic of South Africa · Company Registration No. 63/05282/06

AMIC

Preliminary results and notice of final ordinary dividend

Preliminary results

Subject to final audit, the following are the preliminary results of the corporation and its subsidiaries for the year ended December 31 1987:

	1987 R million	1986 R million
Turnover	3 546	3 138
Earnings from operations	473	397
Share of earnings of associated companies	164	118
Dividends	63	54
Retained earnings	101	64
Income from investments and interest earned	69	51
	706	566
Finance lease charges	74	69
Interest paid	40	64
	114	133
Earnings before taxation	592	433
Taxation	127	76
Earnings after taxation	465	357
Outside shareholders' interest in earnings of subsidiaries	119	97
Earnings attributable to ordinary shareholders	346	260
Extraordinary items (Note 2)	(7)	(50)
	339	210
Ordinary dividends	121	97
Interim	35	28
Final	86	69
Retained earnings	218	113
Number of ordinary shares in issue (000)	53 000	50 332
Earnings per ordinary share* – cents	663	516
Dividends per ordinary share – cents	225	190
Interim	65	55
Final	160	135

*Based on weighted average number of 52 185 800 ordinary shares in issue for the year.

Notes:

1. The corporation's attributable earnings for the year ended December 31 1987 increased by 33 per cent to R 346 million. Earnings per share increased by 28 per cent from 516 cents to 663 cents. Most subsidiaries and associates recorded satisfactory earnings growth.
2. The extraordinary charge of R 7 million refers to the group's share of extraordinary charges of subsidiaries and associates.
3. At December 31 1987 all foreign currency loans taken up by Amic's subsidiary companies were fully covered by forward exchange contracts.

The annual report will be posted to members on or about March 15 1988.

Final dividend No 48

On Tuesday, March 8 1988, the directors of the corporation declared final dividend No 48 on the ordinary shares as follows:

Amount (South African currency)	160 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	Friday, March 25
Registers closed from to (inclusive)	Saturday, March 26 Saturday, April 9
Ex-dividend on The Stock Exchange – London	Monday, March 21
Ex-dividend on The Johannesburg Stock Exchange	Monday, March 28
Currency conversion date for sterling payments to shareholders paid from London	Monday, March 28
Dividends warrants posted	Thursday, May 5
Payment date of dividend	Monday, May 9
Rate of non-resident shareholders' tax	15 per cent

The full conditions relating to the dividend may be inspected at the Johannesburg and London offices of the corporation and its transfer secretaries.

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries
per D J Alison
Divisional Secretary

Transfer Secretaries
Consolidated Share Registrars Limited
1st Floor – Edura
40 Commissioner Street Johannesburg 2001
(PO Box 61051 Marshalltown 2107)
South Africa

Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Registered Office
44 Main Street
Johannesburg 2001
(PO Box 61587 Marshalltown 2107)
South Africa

London Office
40 Holborn Viaduct
London EC1P 1AJ

March 9 1988

FT-CITY COURSE
London:
5 April - 24 May, 1988

The FT-City Course, arranged jointly by the Financial Times and the City University Business School has attracted some 4,600 delegates from over 800 organisations since it was first held in 1970.

This spring course is designed for new recruits, management trainees and employees of companies with interests in the City. It explains how the City of London operates and will provide a useful insight into the range of activities which make London such an important banking and trading centre.

The venue is the Royal Commonwealth Society and the eight week programme of Tuesday afternoon lectures is frequently updated to reflect the newer activities and markets in the City. The spring 88 FT-City Course includes comment on the City Revolution and an assessment of the implications of "Black Monday".

For further details, contact:

Financial Times Conference Organisation
126 Jermyn Street
London, SW1Y 4UJ
Tel: 01 925 2323
Telex: 27347 FTCONF G
Telefax: 01-925 2125

STARS II

Series II Securities Transferred and Repackaged Limited

DM 375,000,000.–

Deutsche Mark Floating Rate Notes due 1998

– Stock Index No. 481 420 –

In accordance with § 14 of the Terms and Conditions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 3.8% p. a. for the Interest Period from 9th March 1988 to 9th September 1988 (184 days). Interest accrued for this Interest Period and payable on 9th September 1988 will amount to DM 194.22 per DM 10,000.– principal amount.

March, 1988

Interest Determination Bank

J. P. Morgan GmbH
Frankfurt am Main

FINANCIAL WEEKLY £1

IN TOMORROW'S ISSUE

RONSON ON TRIAL

BUDGET '88 LAWSON'S DILEMMA

US TAKEOVERS THE BRITS ARE BACK

Every Thursday from your newsagent
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GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
206	133	Ass. Brit. Ind. Ordinary	189	+1	8.9	4.7	7.1
207	145	Ass. Brit. Ind. CULS	189	+1	10.0	5.3	
41	25	Armitage and Rhodes	28	0	-	-	-
142	40	BBB Design group (USM)	55	0	2.1	3.7	8.0
188	108	Bardon Group	158	0	2.7	1.7	27.0
186	95	Bray Technologies	145	+1	4.7	3.2	11.6
281	130	CCL Group Ordinary	260	+2	11.5	4.4	6.7
147	99	CCL Group 11% Conv.Pref	131	0	15.1	11.5	
171	130	Carborundum Ordinary	130	0	5.4	4.1	11.3
104	91	Carborundum 7.5% Pref	102	0	10.3	10.1	
196	87	George Blair	196	+1	3.7	1.9	5.4
143	60	Isis Group	62	+2			
104	59	Jackson Group	90	0	3.4	3.8	9.9
780	300	Multihouse NV (AmstSE)	335	+1	10.4	3.1	13.3
91	47	Robert Jenkins	47	0			2.4
124	30	Scruttons	124xs	0	5.5	4.4	31.8
224	67	Torday & Carlisle	194	0	6.6	3.4	9.4
71	32	Trevian Holdings (USM)	60	+2	2.7	4.6	6.5
248	190	W.S Yeates	248	+2	16.6	6.7	47.7

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA

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UK COMPANY NEWS

Industrial side boosts Expamet

BY PHILIP COGGAN

Expamet International, building products and security group, surmounted problems at some of its subsidiaries to record a 32 per cent increase in pre-tax profits to £8.43m last year, against £6.38m.

Turnover was £100.46m (£74.9m). After tax of £2.99m (£2.17m), earnings per share were 10 per cent up at 15.94p (14.46p). The final dividend is being set at 4.5p (4.05p), making a total of 7.5p (6.75p).

The greatest growth in profits, from £2.1m to £3.35m, was in the industrial division, which benefited from the inclusion for a full year of Metal Industries, bought from Thorn EMI in 1986. The acquired businesses manufacture hydraulic accumulators and Expamet has since added to its capacity in this area with the purchase of Christie Hydraulics.

The building division gained from the bnoyancy of the UK construction sector with both Expanded Metal and BAT Building Products producing significantly improved results. New management was brought in to IBC, door manufacturer, and contributed to a £400,000 turnround into profit. The division as a whole increased profits from £1.86m to £2.62m.

Two of the problem subsidiaries were in the security division which increased profits only marginally from £2.43m to £2.46m. That was despite a good performance from APT which won a large order for parking meters from Westminster City Council.

Maximal, which makes components for security systems such as shock censors and panic buttons, suffered production difficulties after winning substantial orders in the US. New management has been brought in and the company is on its way back to profitable trading.

Videoscan incurred higher-than-expected costs in introducing the Datascan system, which monitors check-out tills in supermarkets. Bnt costs have been rednced and tha company is expected to trade profitably this year.

The other two problem subsidiaries were sold - the US-based Expanded Metals Corporation to Alabama Metals and the UK-based Special Metals to Amax Corporation. Extraordinary debits of £307,000 partly reflect the costs of the disposals.

In December, Expamet acquired Cash & Security Equipment which makes coin and note handling machinery and supplies camera surveillance systems to banks and building societies. The 1986 figures have been restated to reflect the merger.

● **comment**

Expamet has expanded rapidly via the purchase of private companies and these figures neatly illustrate both the advantages and the dangers of such diversification. Small companies rarely have management in depth and are heavily affected by the costs of launching new products. However, such is Expamet's strength as a whole that it can shrug off the problems of a few subsidiaries. The good news for the future is that the company is well-positioned in several growing niche markets - supplying hydraulic accumulators for advanced braking systems, for instance, or providing security systems for banks. And the management problem is being solved by replacing the original owners of acquired companies with business-school trained executives. Assuming £10m-£10.5m pre-tax this year, the shares at 182p are on e prospective p/e of around 9. With the added attraction of a 5.6 per cent yield, that is hardly a demanding rating.

Precious Metals assets fall to 175p midterm

Precious Metals Trust showed lower net asset value per share of 175p, for the six months ended January 31 1988, compared with 199.3p.Earnings per share were 2.4p (0.66p). Revenue before tax was £417,000 (£120,000). Income from fixed asset investments was £512,000 (£131,000), interest £85,000 (£45,000) and loss on dealing activities £10,000 (£69,000 profit).

Dividend payment was 0.55p. Administrative expenses totalled £138,000 (£132,000), interest payable £32,000 (£2,000). Net asset value at March 1 1988 was 170.9p.

Psion to join USM valued at £16.6m

By Heather Farmbrough

Psion, maker of hand held computers, is coming to the Unlisted Securities Market following a placing which values it at £16.6m.

Psion's main product is the Organiser II, a hand held computer which can be used as an electronic personal organiser or, more commonly, by large corporations. Marks and Spencer uses the Organiser with its charge card and as a price lock-up system.

In 1987, 90 per cent of sales came from the Organiser range, about half of which were exported. Mr David Potter, chairman and managing director, expects this proportion to decrease to about 80 per cent in 2 years' time as new hardware and software products come on stream.

In 1982 and 1983, most of the company's income came from the sale of leisure software. An attempt to move away from computer software through a licensing agreement for ICL and Sinclair Research products proved disappointing, leading to a pre-tax loss in 1984. After a couple of dull years, pre-tax profits were boosted from £383,000 in 1986 to £1.9m in 1987, reflecting the success of the Organiser II.

Charterhouse Bank is placing 3m ordinary shares, or 18 per cent of Psion's enlarged share capital, at 97p per share. Psion is expected to report £2.75m for the year to December, and at the placing price, the shares are on a historic p/e of 12.5.

GWR goes for quote

GWR, the largest independent radio station in the South outside London, is coming to the USM with an introduction which capitalises the company at £3.3m. GWR broadcasts to up to 1.7m listeners in the Bristol, Bath, Swindon, Plymouth and East Cornwall areas.

GWR's chairman is Mr Henry Meakin, who is also chairman of Aspen Communications Group, which owns 21 per cent of the company.

Pre-tax profits last year were £486,000, (£98,717). The prospectiva p/e is just over 10 times. Brokers to the company are Stock Beech.

Ryman helps Pentos to £2.8m profits increase

BY ANDREW HILL

PROFITS at Pentos, the expanding retail, office equipment and property group, increased to £7.8m before tax in 1987, compared with £5m.

Tha specialist retailing subsidiaries – Dillons Bookstores, the Athena poster and bookshops and the Ryman stationery chain – made trading profits of £5.5m (£3.4m) on sales of £60.6m (£38.7m), 67 per cent of the group's total turnover of £90m (£63.2m).

Ryman, bought last August for £18m, contributed pre-tax profits of £960,000 for the five-month period compared with £900,000 for the full year to May 31. A new warehouse, due to open in 1989, will enable Pentos to supply stock for over 130 Ryman shops, compared with 67 at the end of 1987. Pre-tax profits of £1.8m are expected for Ryman this year.

Office furniture, under the brand names Caplan and Asher, increased trading profits to £2.7m (£1.8m) on sales up 44 per cent to £20.3m (£14.1m), and trading profits from the property development sector were up from £500,000 to £700,000.

Mr Terry Maher, Pentos chairman, hopes for organic growth from the existing Athena and Dillons stores of 35 or 40 per cent this year, and perhaps 25 per cent growth from office furniture and the redesigned Ryman stores.

Terry Maher: hopes for organic growth

Actual growth is likely to be higher because of the group's intention to invest £15m in 1988, against £10m last year and £7m in 1986. Of this, £11m will be spent on UK retailing, adding 100,000 sq. ft. of store space to the 255,000 sq. ft. owned at the end of 1987.

Expansion of the Athena chain in the US and overseas, which contributes about 10 per cent of the group's total sales, will be held back until the existing shops break even. Last year the nine US shops lost about £100,000.

The directors propose a final dividend of 1p, making 1.3p (0.95p) for the year. Fully diluted earnings per share increased to 7.2p (5.73p).

● **comment**

Mr Terry Maher acknowledges there is a limit to the number of books he can sell, but his flagship Dillons store in Gower Street seems to be trying to disprove him: turnover bas increased by nearly 60 per cent since the refurbishment of the shop and if Pentos can turn Ryman round in the same way – a new shop design should be in most High Streets by early summer – then the future looks rosy. Within five years Pentos hopes to own 1m sq. ft. of sales space and without having to take on new retail activities the group could begin to put together profitable combinations of shops in the same area. The possibility of VAT on books may worry the market in the short term, but retailing is well-supported by the property and office furniture divisions. Pre-tax profits are likely to top £11m before tax this year, and the shares – down 5p yesterday to close at 125p – look fully valued on a prospective multiple of about 14.

Miller & Santhouse sharply up

BY HEATHER FARMBROUGH

Miller & Santhouse, USM-quoted optician, revealed sharply higher profits, turnover and earnings for the six months to December 31 1987.

Since June 1987, the number of practices has doubled, with 33 shops new shops. The first three shops in London will be opened over the next month.

The group achieved pre-tax profits of £502,000 (£251,000) on turnover which rose from £2.4m to £5.4m. An interim dividend of 1.25p (0.75p) is to be paid from earnings per 5p share 91 per cent higher at 6.46p (3.38p).

When the company came to the USM in October 1986, it had 22 practices in the north-east. Since then, it has expanded further into Yorkshire and tha Midlands, opening its first shop in the south in Luton's Arndale Centre in February. By the end of the year, there should be over 70 practices, compared with 63 at the moment.

However, most of the growth over the half year was from higher volumes of an average 20 per cent at original stores.

Miller & Santhouse's next project is to sell an own brand range of contact lens wetting and soaking solutions through its practices. These will be made by a US manufacturer and sold in the practices at lower prices than other UK brands.

Trade is currently running at record levels. For the future, Mr Maurice Miller, chairman, said, "There's no need to go outside the eye market – there is so much scope there."

● **comment**

The transformation of opthalmists from the status of chiropodists to sassy retailers has attracted lots of players into the business. Spectacles used to be worn by those who could not see without them; now they are the ultimate fashion accessory. Consumers are responding well to cheaper prices, slicker marketing, eye-catching shops and better design. At some point, however, the party has to stop. Miller & Santhouse has clearly thought about it carefully and has developments in the pipeline to compensate. A first step is selling its own, lower price contact lens solutions, which will tap into an £80m market. The company's low cost buying methods, bypassing importers and wholesalers, and competitive pricing policy should also help protect its market share if saturation point is reached. After yesterday's figures, analysts were revising their pre-tax profit forecasts upwards to as mnch as £1.6m for the year, against £611,000 in 1987.

Independent hospitals in £6.6m deal

By Dominique Jackson

Community Hospitals has made a £6.6m cash offer for USM-quoted West Yorkshire Independent Hospital in which Community already holds a 46.3 per cent stake.

Community owns or manages several independent hospitals and nursing homes across the country and is involved in commissioning, funding and planning various types of health care facilities.

Turnover of Community in the year ended June 30 1987 rose from £2.7m to £4.1m while pre-tax profits rose from £0.3m to £1.2m.

Community is offering 155p cash for each West Yorkshire ordinary share although shareholders may elect to receive an equivalent nominal amount of loan notes.

Sir Peter Thompson, Community chairman, said the offer was in line with the group's objectives of managing the hospitals in which it holds significant investments and as a preliminary to bringing Community Hospitals itself to the market.

City Merchant

City Merchant Developers, formerly Rivlin, USM-quoted property investor and developer, reported substantial growth in all operations in 1987. Pre-tax profits, including exceptional items of £2.58m, were £8.72m.

At present the company is involved in an agreed merger with Imry International.

Directors said that subject to the Imry offer being declared unconditional, a second interim payment of 0.65p would be made making a total for the year of 1p. Earnings per 5p share were 10.7p (4.6p losses).

Leisure side lifts Prestwich to over £4m

BY CLAY HARRIS

Prestwich Holdings, the entertainment and leisure group which yesterday signalled its intention to sell its Bush Radio consumer electronics subsidiary, increased pre-tax profits by 6 per cent to £4.06m in the six months to December 31.

However, the improvement was achieved entirely by the entertainment and leisure division (including video, music and TV sales, film and TV rights and character merchandising). Operating profits nearly trebled to £3.87m (£1.33m) on turnover of £34.4m (£12.4m).

Consumer electronics, on the other hand, saw profits fall to £1.15m (£1.72m) on sales barely ahead at £12.6m (£12.2m).

The group has become the UK's second largest wholesale distributor of records and tapes through its SP&S and Wynd-Up Records subsidiaries.

Prestwich's pre-tax advance from £3.8m (£2.75m) was achieved on turnover 87 per cent ahead at £47m (£25.1m).

Central overheads and interest rose to £960,000 (£316,900).

The tax charge of £1.54m (£1.37m) reflected an increase in the effective rate from 35.6 per cent to 38 per cent.

Earnings per share rose from 5p to 7p, excluding the exceptional credit in 1986-87. The interim dividend is increased to 0.5p (0.4p).

● **comment**

Unfortunately for Prestwich, this was one Bush for which yesterday was not Super Tuesday. The untimely spell of bad luck with suppliers has been followed by a squeeze on margins as UK demand for consumer electronics stumbles onto a plateau. Television sets built by Polly Peck's Turkish plant were one bright spot, contributing a disproportionate share of the division's profits. It is questionable, however, whether Polly Peck would want to add to its exposure in the sector by taking Bush on board. With hindsight, Prestwich should have been more amenable to approaches received last year, but it makes little material difference whether Bush stays or goes. The only danger is that it will distract from the strength of the core business, at which Prestwich's marketing skills are undiminished. For this reason, yesterday's 9p fall to 135p should be sufficient reaction to the disappointing interim figures. With full-year forecasts down to £7m pre-tax, the shares stand on a prospective p/e of 11.

FIH

Ferguson Industrial Holdings PLC

has sold its wholly owned subsidiary

British Trimmings (Holdings) Limited

to the management together with a consortium of financing institutions

Ferguson Industrial Holdings PLC was advised by the undersigned in this transaction

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British Airways Plc

has acquired

British Caledonian Group plc

We acted as the financial adviser to British Caledonian Group plc.

Goldman Sachs

Goldman Sachs International Corp.

March 1988

Unilever PLC

has sold its subsidiary

Thames Board Limited

to

AB Iggesunds Bruk

We acted as the financial adviser to Unilever PLC.

Goldman Sachs

Goldman Sachs International Corp.

February 1988

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase shares.

Application has been made to The Council of The Stock Exchange for the grant of permission to deal in the Ordinary Shares of Psion PLC ("the Company") on the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to Listing. Dealings in the Ordinary Shares are expected to commence on Monday, 14th March, 1988.

PSION

PSION PLC

(Registered in England under the Companies Acts 1948 to 1976 No. 1520131)

Placing by

Charterhouse Bank Limited

of

3,072,460 Ordinary Shares of 5p each at 97p per share

Share Capital

Authorised		Issued and to be issued fully paid
£1,125,000	in Ordinary Shares of 5p each	£865,223

The Company develops, engineers and markets portable computers, business applications software and leisure software. The Company's software skills have been applied to word processors, spreadsheets, databases, graphics, operating systems, languages, communications and custom corporate systems.

Charterhouse Bank Limited has arranged for 2,191,675 Ordinary Shares to be placed by Chase Manhattan Securities and for 880,785 Ordinary Shares to be placed by Charterhouse Tilney.

Particulars of the Company are available in the Extel Unlisted Securities Market Service and copies of such particulars or of the Prospectus may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 23rd March, 1988 from:

9th March, 1988

Charterhouse Bank Limited
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Chase Manhattan Securities
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Coleman Street
London EC2P 2HD

Acquisitions help Allied Partnership to double

BY DAVID WALLER

Allied Partnership, building services and fork-lift truck hire company formerly known as Allied Plant, yesterday reported 1987 pre-tax profits of £3.61m, more than double the £1.65m made in 1986.

Mr Martyn Rose, chairman and architect of the recovery in the last four years, said that the improvement reflected both the benefits of recent acquisitions and a strong trading performance in all the group's companies.

Acquisitions contributed approximately £1m to operating profits of £3.83m (£1.69m). These include the fork-lift truck businesses bought from Vernons Plant and Tiger Holdings, the railcar operator, both acquired last July for a maximum consideration of £10.1m in cash and shares.

Overall, one third of operating profits came from specialist hire activities, which include Tiger and the fork-lift truck distributorships, and two-thirds from its building services division. Turnover of £56.87m (£47.27m) was divided equally between the two divisions.

After tax of £1.03m, an effective rate of 28½ per cent against 20 per cent last year, attributable profits amounted to £2.58m (£1.29m) and earnings per share worked out at 4.22p, compared to 2.28p in 1986 on the old capital base.

A final dividend of 1p per share is to be paid, making 1.5p for the year, against a total of 1p in 1986.

● comment

In line with City expectations, yesterday's figures contained few surprises, and even fewer details. Nevertheless, the overall picture provides evidence of the continuing success of Mr Rose's strategy of concentrating on specialised hire services and niche areas of the building supplies market. The latter, which include landscape contracting and stone-masonry businesses based in the south-east, have clearly flourished on the back of last year's building boom, which is unlikely to be repeated. However, the impact of any downturn should be mitigated by the potential for geographical diversification and further infill acquisitions. The hire division, too, has plenty of scope for organic growth. Allied has yet to open a fork-lift truck depot in the south, and demand for Tiger's railcars should liven up with the construction of the Channel Tunnel. The company should make £4.75m this year, putting the shares on a fair prospective p/e of 11½.

E.Green rises 28% to £0.98m

Ernest Green and Partners, the USM-quoted structural and civil engineering consultancy, increased earnings per 5p share by 29 per cent from 6.5p to 8.4p for the six months to December 31 1987. Pre-tax profit was up 28 per cent from £767,000 to £982,000 and turnover from £2.33m to £2.62m.

The interim dividend has been set at 1.75p (1.5p). Mr David Legg, chairman, said order books were at a record level and that the growth in turnover had come almost equally from institutional and retailing clients and private developers. Although based in London the consultancy had offices in Norwich and Bristol and planned expansion to Cardiff and Manchester in the near future. Tax of £360,000 (£284,000) left the company with net profit of £622,000 (£483,000).

Wm Sinclair shows growth at midway

William Sinclair Holdings, a USM-quoted plant breeder and seed specialist which has expanded via numerous acquisitions during the past 18 months, increased its profits from £522,000 to £823,000 pre-tax over the half year ended December 31 1987.

The company intends to apply for a full listing before the end of the year.

Turnover for the opening half pushed ahead to £8.45m (£5.59m). Tax of £309,000 (£196,000) left earnings at 7.05p (4.72p) per 25p share.

The interim dividend is being stepped up from an adjusted 1.5p to 2p.

City & Commercial

Net asset value per £1 capital share of the City & Commercial Investment Trust stood at £12.5 at January 31 compared with £12.83 a year earlier.

Revenue for the year edged ahead to £1.29m (£1.21m) after tax of £483,000 (£521,000), equal to earnings of 5.452p (5.113p). A final dividend of 2.803p makes a total of 5.452p (5.113p).

Bensons Crisps advances 72%

BY NIKKI TAIT

Bensons Crisps, USM-quoted snacks manufacturer, yesterday announced a 72 per cent improvement in pre-tax profits from £420,181 to £722,529 in the year to November 28 1987. Sales rose by 20% to £12.6m.

At the earnings per share level, however, the rise was more modest – 5.9p against 5.3p – after an increased tax charge. Nevertheless, Bensons, which tumbled heavily into the red in 1984, is planning to return to the dividend list.

The directors propose a 0.5p payout, the first since 1983.

Bensons attributed the margin improvement to new product development and cost-savings, but admitted that the UK crisp and snack industry remained "fiercely competitive".

"Cost savings achieved as a result of the company's initial capital investment programme have already resulted in an improvement in net margins to 5.7 per cent from 4 per cent in 1986," said Mr Malcolm Jones, chairman, and he suggested that action taken during 1987 should generate further improvements in the current year.

The organic potato crisp distributor, Hedgehog Foods, which Benson acquired for £100,000 in June, made a small contribution to profits, and tha company expects to extend its range this year. Sight & Sound, the animated products subsidiary, has been reorganised and also chipped in a marginal profit compared with a small loss last year.

During the year, Benson spent some £800,000 on capital investment, largely at its south Wales factory, and expects a slightly higher figure in 1987-88. The snacks division has also been moved from Great Harwood to Kirkham.

Yesterday's pre-tax figure is scored after a £1,679 interest charge (£71,915) and the tax charge is £286,251 (£86,400).

● comment

From the market's point of view, Bensons "miscalculation" over its expected tax charge put paid to an otherwise encouraging, but much-as-predicted set of figures. The 40 per cent rate – which compares with 21 per cent last time, and an expected 35 per cent – results from prior year charges which were only settled in November. Despite the company's protestations that a normal charge (35 per cent) is expected this tima, the reduced rise at the earnings level helped depress the shares 8p to 88p. That was all the sadder given that Bensons' twin strategy of pushing into higher margin snack products and cutting ont costs/upping own-label crisp business – where it hopes to add a second customer shortly – seems to be combating margin pressure in the snack industry. The balance sheet, too, remains healthy with net cash of £300,000, leaving the company well-placed for modest acquisitions. Still, memories of the 1984 mishaps may take some burying, and if Bansons' own brokers' forecast of £900,000 before tax this time is correct, the shares are on a propsective multiple of over 11 times. High enough.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Atwoods, Bejam, Fletcher Challenge, Harrisons Malaysian Plantations.

Finals- Abbott Mead Vickers, Anglo American Gold Investment, BICC, William Bedford, Cityvision, Federated Housing, GKN, J. Hewitt (Fenton), Hillsdown Holdings, Thomas Jourdan, Liberty Life Association of Africa, Miss World, J.N. Nichols (Vimto), Pacific Sales, Pittard Garner, Tyne Tees Television, Ultramar.

FUTURE DATES

Interims-

Barry Wehmiller Intl	Mar 21
LWT	Mar 18
Maunders (John)	Mar 22
Pilco	Mar 21
Sirdar	Mar 18

Finals-

ASD	Mar 21
Boustead	Mar 30
British Vita	Mar 14
Brltoll	Mar 17
Cambridge Electronic Inds	Mar 10
Castle's Holdings	Mar 10
Central Independent TV	Mar 25
Delta	Mar 17
Enterprise Oil	Mar 17
Guinness	Mar 24
Hepworth Ceramic	Mar 23
Ingham (George)	Mar 16
International Colour Management	Mar 10
"Investing in Success"	Mar 16
Jaguar	Mar 16
Jamesons Chocolates	Mar 23
Johnson Group Cleaners	Mar 22
Lilleshall	Mar 25
McLaughlin and Harvey	Mar 17
Matthews (Bernard)	Mar 29
Morgan Grenfell	Mar 17
P & O	Mar 22
Renown Inc	Mar 16
Silkolene Lubricants	Mar 23
Slough Estates	Mar 28
Sun Alliance and London Insurance	Apr 6
Ward Group	Apr 25
Worcester Group	Mar 28

● FT LAW REPORTS

UK secondary air legislation ousts Bangladesh law

HOLMES v BANGLADESH BIMAN CORPORATION
Court of Appeal (Lord Donaldson, Master of the Rolls, Lord Justice Dillon and Lord Justice Bingham): February 26 1988

UK LEGISLATIVE limits on an airline's liability for the death of a passenger apply to a fatal accident occurring on a domestic flight in Bangladesh, subject to service of proceedings in the UK, and so override the limits imposed by Bangladesh law as the proper law of the contract of carriage.

Tha Court of Appeal so held when dismissing an appeal by Bangladesh Biman Corporation from Mr Justice Leggatt's decision on a preliminary issue that any damages to be awarded to Mrs Keiko Holmes, for the death of her husband should be limited according to UK law and not according to Bangladesh law.

LORD JUSTICE BINGHAM said that in August 1984 a Bangladesh aircraft crashed on a domestic flight in Bangladesh. Mr Holmes was a passenger and was killed.

His widow brought the present proceedings against the airline, claiming under the Law Reform (Miscellanaous Provisions) Act 1934 and the Fatal Accidents Act 1976.

The question was whether the claim was governed by Schedule 1 to the Carriage by Air Acts (Application of Provisions) Order 1967, or hy the Bangladeshi provisions incorporated in the contract between Mr Holmes and the airline.

On a preliminary issue, Mr Justice Leggatt ruled in favour of Mrs Holmes that Schedule 1 applied. The airline appealed.

If Schedule 1 applied, the airline's liability was limited to approximately £83,763. The damages suffered exceeded that figure. If Schedule 1 did not apply, as the airline contended, liability was limited to 9,500 lakhs, hy contract or by the Bangladesh Carriage by Air Act 1934 which was incorporated into tha contract.

Mrs Holmes relied on the Carriage by Air Act 1961 and the 1967 Order to oust the Bangladesh proper law.

The effect of the 1961 Act and the 1967 Order read together was to create three broad categories of carriage: international carriage governed hy the Warsaw Convention as amended at the Hague; international carriage governed by the unamended Warsaw Convention; carriage not governed by either Convention.

The main purpose of the 1961 Act was to give the force of law in the UK to the amended Convention. There was power in section 10 hy Order to apply the amended Convention with exceptions "to carriage by air not being carriage by air to which the [amended] Convention appliea". Article 28 of tha amended Convention stipulated which courts were to have jurisdiction to determine claims arising under the amended Convention.

The amended Convention had no direct bearing on the present case, which did not involve international carriage. The unamended Convention also applied only to international carriage.

The 1967 Order was made under the powers conferred by section 10 of the Act.

Article 5 provided "Schedule 2 to this Order shall have effect in respect of . . . international carriage . . ."

Schedule 2 set ont the unamended Convention with modifications. It had no direct bearing on the case, because no international carriage was involved. But it was of crucial importance in construing the 1967 Order for two reasons.

First, Schedule 2 had the force of law in the UK. Secondly, it had extra-territorial effect.

Article 3 of the 1967 Order provided "This Order shall apply to all carriage by air, not being carriage to which the amended Convention applies".

That seemed comprehensive in effect. Tha amended Convention did not apply to domestic carriage within the UK or in any other country. So on its face the Order *could* apply to domestic carriage at home or abroad.

Article 4 of the Order provided "Schedule 1 . . . shall have effect in respect of . . . (a) carriage which is not international carriage . . . or (b) carriage of mail . . ."

Schedule 1 did not apply to carriage under the amended Convention, because that was excluded from the scope of the Order by article 3; and it did not apply to carriage under the unamended Convention, because that *was* international carriage.

It followed that Schedule 1 applied to all carriage by air except carriage governed by the amended or unamended conventions.

Schedule 1 contained a substantially modified version of the amended Convention. Article 1 provided that the Schedule should apply to all carriage performed by aircraft for reward. The adjective "international" which preceded "carriage" in the amended and unamended Conventions was omitted.

The Schedule limited the airline's liability for each passenger to a figure not directly related to the figures in the amended or unamended Conventions. Article 28 was omitted altogether. As in the amanded and unamended Conventions, article 32 invalidated all inconsistent terms and agreements.

It was ordinarily right to approacb a British enactment on the tentative assumption that it was not intended to subject transactions taking place abroad to British statutory rules overriding the proper law of the transaction.

If Mrs Holmes were right, it would be open to Bangladeshi passengers having no connection with the UK, to proceed against the airline here and so gain the benefit of tha more generous limit.

However, the question whether a statutory enactment was intended to have extra-territorial effect, was to be decided on the language of the enactment, having regard to the subject matter and other relevant circumstances.

The amended and unamended Conventions had the force of law and had extra-territorial effect.

Schedule 1 also had the force of law. The same words ("shall have effect" which were used in article 5 of the Order and gave legal force to Schedule 2, were also used in article 4 in relation to Schedule 1. It would anyway be absurd to hold that Schedule 1 lacked the force of law in relation to domestic carriage in the UK.

The languaga used in the Order and in Schedule 1 could not have been more comprehensive. No presumption against extra-territoriality could survive a straightforward reading of the provisions.

The appeal was dismissed.

LORD JUSTICE DILLON agreeing, said that if Mr Justice Leggatt's judgment were correct, the legislature had, hy mere subordinate legislation, swingeingly increased the liability of Bangladesh Airlines in respect of the carriage of a passenger internally in Bangladesh, between two cities in Bangladesh, under a contract made in Bangladesh and governed by Bangladesh law.

That was a startling result, and it had come about as a result of unilateral UK legislation in respect of carriage by air in circumstances which were *not* covered by international Convantion.

None the less, there was no escape from the conclusion that Mr Justice Leggatt was right.

The scope of the 1967 Order was prescribed by article 3. The phrase "all carriage by air not being carriage to which the amended Convention applies" could not possibly be construed as limited to carriage by air internally within the UK, since it was plainly intended to cover the international carriage of air referred to in article 5 of and Schedule 2 to the Order, *viz* international carriage by air governed by the original Warsaw Convention as opposed to the amended Convention.

When against that background article 4 of the Order provided that Schedule 1 was to have effect in respect of "carriage to which this Order applies being . . . carriage which is not international carriage as defined in Schedule 2", article 4 must be construed as covering all carriage by air within article 3 not covered hy the amended Convention, except that covered by article 5 and Schedule 2.

A further point was that Schedule 1 did not include article 28 of the amended or unamended Conventions, which was concerned with jurisdiction and choice of forum.

The obvious conclusion was That rules of UK procedure were to apply to service and jurisdiction under Schedule 1. With a claim *in personam* those rules depended on service in the UK, wherever the cause of action arose, subject only to considerations of *forum conveniens*.

Lord Donaldson MR agreed with both judgments.

For Mrs Holmes: Timothy Walker QC (Coward)
For the airline: Robert Webb (Beaumont & Son)

Rachel Davies
Barrister

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New Issue — This announcement appears as a matter of record only. — March 9, 1988

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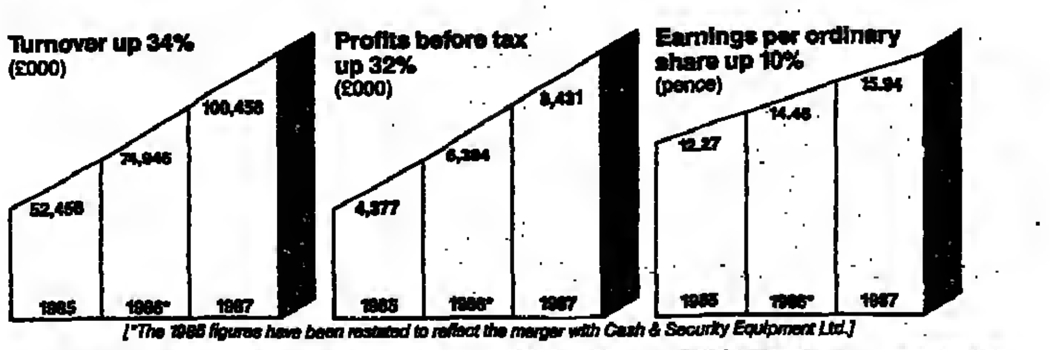

[*The 1986 figures have been restated to reflect the merger with Cash & Security Equipment Ltd.]

1987 was the seventh successive year of growth for Expamet International with overall profits, at £8.4m, up 32%. Turnover increased by 34% to £100.4m. A final dividend of 4.5p is being recommended making a total for the year of 7.5p, an increase of 11%.

BUILDING: TURNOVER UP 19% The five Expamet International companies supplying the building markets in the UK and overseas all had a good year with high demand continuing into 1988.

INDUSTRIAL: TURNOVER UP 45% The industrial companies had a successful year, with an increasing presence in the important accumulator market.

SECURITY: TURNOVER UP 40% The security companies faced mixed fortunes in 1987, but actions already taken will lead to improvements in 1988. The Group's recent acquisitions of Cash and Security Equipment and CQR Security Systems will further strengthen operations.

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Copies of the 1987 Annual Report & Accounts will be available from the Secretary on the 29th March. Expamet International PLC, Clifton House, 83-89 Uxbridge Road, Ealing W5 5TA.

COMMODITIES AND AGRICULTURE

Cocoa pact withholding scheme given approval

BY DAVID BLACKWELL

A COCOA withholdiog scheme was approved yesterday after delegates at the crisis talks of the International Cocoa Organisation (ICCO) in London failed to come up with any alternative way of halting the relentless slide io prices.

The news helped the second-position futures contract in London to recover after touching fresh 5¼-year iows of £952 a tonne.

It closed unchanged at £971 a tonne, still way below the £1,181 a tonne of January 19 when the nrganisation resumed buffer-stock buying after a seven-month suspension.

For the past five days a working group at the organisation has been discussing alternatives to the witbholding scheme, under whlcb up to 120,000 tonnes of cocoa will be kept in storage in countries of origin.

Ideas ranged betweeo destroying the buffer stock, putting discriminatory levies on imports of cocoa from non-members, using cocoa-butter in cosmetics, and encouraging tbe Chinese to develop a taste for chocolate.

Under the rules of the agreement the withholding scheme comes into force automatically if no other support measures are agreed once tbe buffer stock reaches the maximum permissible level of 250,000 tonnes, which it did late last month.

However, the questioo of finaoce overhangs implemeotation of the scheme. Ivory Coast, the world's biggest producer, and Brazil between tbem owe the organisatioo more than $40m lo levies.

Consumers believe the buffer-stock manager, who is not allowed to incur any liabilities, will certainly not have enough money to fund the scheme to the extent of 120,000 toones, given the costs of maintaining the 250,000 tonnes he already holds.

In any event, taking another 120,000 tonnes from the grossly oversupplied world market – stocks this year are expected to be more than 750,000 tonnes – will not have much impact on prices, analysts believe.

This week the organisation's forecast 81,000-tonne surplus from the 1987-88 crop has been greeted with much scepticism in the market. There some traders have estimated a 150,000-tonne surplus.

Last week Brazil said its Bahia region was beading for another record crop in spite of a drought. Yesterday a leadiog Malaysiao trader said Malaysia, the world's fourth-largest producer and not a member of the organisation, was heading for a record crop of more than 200,000 tonnes.

Delegates, in addition to considering problems of funding the withholding scheme, will today be deciding at what level cocoa prices should be supported.

The current range the organisation is defending is betweeo 1,485 and 2,155 Special Drawing Rights a tonne. The 10-day indicator price is about 1,283 SDRs.

Consumers are keen to fix much lower levels. However, if no agreement is reached tbe prices should, under the rules, be cut by 115 SDRs automatically.

But there could be disagreement about tbe rules, because producers, who do not want to see prices reduced, believe the automatic cut applies only if the buffer-stock manager is still buying in the market.

Any disagreement over the rules would have to go to arbitration. This, as a delegate said yesterday, would be disastrous for the agreement.

COCOA TRADING on the Londnn Futures and Options Exchange (Fox) was up 56 per cent last month compared with February last year.

The total number of 10-tonne lots cleared in the month was 102,985, against 65,662 a year ealier, taking the January-February aggregate to 194,997 lots, op from 127,456.

However, raw sngar remalned tbe most heavily-traded commodity on Fox. Last mnnth's 136,900-lot (50 tonnes each) clearing total represented a 62 per cent rise on February last year.

February coffee trading was np a relatively modest 12.5 per cent, at 93,676 lots (5 tonnes each).

Fox's clearing total last month was 373,516 lots, up 60 per cent on the corresponding mootb last year. But that included 34,492 lots of white sogar and 4,463 lots in the traded options – neither market was operating in February last year.

EC plans to set aside ripe, surplus farmers

By Tim Dickson in Brussels

THE European Community, not content with setting aside surplus land, has come up with a scheme to set aside surplus farmers.

The plan was agreed in principle by EC agriculture ministers at their meeting in Brussels yesterday.

It is aimed at farmers and agricultural workers who are more tban 55-years-old and who are content to put their acres – and themselves – out to grass.

The plan is known, in the Brussels vernacular, as tbe pre-pension scheme. Under it compensation would be paid in the form of an annual lump-sum of up to Ecu3,000 a hectare, plus additional payments of up to Ecu250 a hectare – and more if the "idled" land is turned to forestry.

The payments will be made for a minimum of five years and a maximum of 10, and will be discontinued once the recipient reaches the ripe age of 70.

The plan as agreed, in a significant weakening of the initial proposal tabled by the European Commisslou last year, will now be optional for member-states.

It will also require most national governments to make a significant contribution to the costs. Thus it raises the question of which countries will bother to implement it.

The West Germans are understood to be keen but Mr Gerrit Braks, the Dutch Agriculture Minister, and Mr John MacGregor, his British counterpart, displayed little enthusiasm at briefings during yesterday's meeting.

Almost certainly their governments would have to pay 100 per cent of the costs.

This will be because the EC's budget, under the complex formula devised in Brussels, will only fund:

● 50 per cent of payments in those countries the wealth of which is broadly 25 per cent below that of the EC average.

● 25 per cent of payments where it is just 15 per cent under the European average.

Ireland could be among those interested and is likely to obtain the maximum 50 per cent EC funding. Mr Gerard Kiely, Brussels bureau chief of the Irish Farmers Association, says "there may well be pressure on us to introduce it, as we have a lot of older farmers."

A deal on the pre-pension plan is still conditional on obtaining agreement on the details of the whole stabilisers package approved in outline by heads of government at the Brussels summit last month.

Many technical points, some politically sensitive, have yet to be settled. Ministers are not expected to end discussions until this evening.

Chicago exchange woos cattlemen

BY DEBORAH HARGREAVES IN CHICAGO

THE Chicago Mercantile Exchange, in an attempt to stop farmers beefing about its cattle-futures markets, is discussing a revamp of its live-cattle futures contract with the National Cattlemen's Association.

The exchange, which has already made several minor changes to its cattle contracts, is also hoping to attract more farmers, traditionally wary of futures markets, to its cattle complex as the market sets up for a bull run this year.

As the US cattle herd has fallen to 100m head, its lowest level since 1962, the exchange's cattle futures and options have seen wide price swings and surging volume. Live cattle futures set its record open interest last week, rising to 104,964 contracts.

With last month's futures price hitting a record high for the month, speculative traders have been drawn back to the cattle-pits after three to four years of routinely predictable pricing.

However, cattlemen have criticised tha futures markets' functioning and last year the NCA narrowly dodged pressure from some members to support an anti-futures lobby.

In response exchange and association talked and a joint task-force was set up.

Mr Bob Campbell, of Bartlett Cattle, a commercial feed-lot company in Kansas City, says: "The greatest benefit of this task-force will be an improved understanding of how the futures markets work and how they can be applied in hedging."

He says many of his NCA fellow-members remain suspicious of the futures markets and, in the past, have blamed the markets for pushing prices down.

These fears have been the subject of much discussion by the task-force, as well as other more substantive ways of improving the market.

So far the exchange has added an extra live-cattle contract month to its six existing listings and increased the number of feeder-cattle options months from five to six.

However, the CME is still wrestling with the thorny problem of a cash settlement for live-cattle contracts in response to demands from some cattlemen.

Introduction of feeder-cattle futures' cash settlement in 1986, accompanied by additioo of options on feeder-cattle, has seen a rush of volume into the contract, which had faltered since inception in 1982.

The rise in feeder-cattle activity has been aided more recently by the same bull trend pushing live-cattle futures. Last month, feeder-cattle futures volume rose 65 per cent over the corresponding month last year, to 68,184 lots.

However, the exchange is wary of making the same move for live cattle in a market dominated by three major packing companies and thus open to manipulation.

Mr Don Stevens, CME trader at Packers Trading and task-force chairman, says that while agreeing cash settlement would cut costs for hedgers "we don't want to threaten the existence of a healthy market because of cash settlement."

Some association-members have been pushing for cash settlement because of the physical difficulties they face in sorting and grading cattle into about 40 equal sizes, to deliver against a futures contract. The move is still under debate, the task-force being due to recommend by July 1.

The CME-NCA meetings have proved useful as a talking-shop, Mr Stevens emphasises. He adds that this has been a way for some cattlemen wbo were opposed to futures to find out more about the markets and have suspicions allayed.

The exchange, in an effort to boost speculative interest in cattle, has also asked the Commodity Futures Trading Commission for clearance to raise its speculative position limits, that is the number of contracts any trader can hold, from 450 lots in each contract-month – with 300 in the spot month – to 1,200 in each month, with a 6,000-contract ceiling.

If the move is approved, and as successful as a similar step by the Chicago Board of Trade in its grain-pits, the CME could see a surge of institutional money into cattle.

Pension-funds have already been attracted to look at the market, in view of a beef-supply squeeze expected later this year. This is leading some analysts to predict a record price of $84 per hundredweight this summer.

Mr Bill Gary, of Commodity Information Systems, Houston, says: "We've been in a herd-liquidation phase and we're not yet into a rebuilding phase."

He believes this year will see a shortage of beef supplies as cattlemen take animals out of the slaughter-chain to rebuild herds.

Expectations of shortages have attracted hedgers to the futures markets. Mr Campbell believes a joint NCA-CME advertising campaign has drawn the long hedgers,restaurateurs who fear paying higher prices for meat.

However, neither CME nor NCA has persuaded a group of association-members which broke off from the main body to form a vehemently anti-futures trade body.

Speculators pile into Winnipeg futures

BY DAVID OWEN IN TORONTO

THE Chicago Board of Trade is not the only North American futures exchange cashing in on the recent rise in speculative activity in grain and oilseed markets.

In Winnipeg traders are piling into the long-depressed canola (rape seed) and Thunder Bay barley futures-pits with equal gusto.

This is reflected in the Winnipeg Commodity Exchange's recently-released February volume figures. These show the 101-year-old exchange enjoyed its busiest February for 42 years.

In all an impressive 234,602 contracts were traded, while end-month open interest rose to a record 79,710 from 61,000 in February last year.

Since the crop-year began on August 1 a total 1.46m lots have changed hands, a rise of 13 per cent from 1986-87 levels when the exchange had its busiest year since 1952-53.

While the fastest-growing contracts in the year to date have been oats, barley and wheat, with volumes up 58 per cent, 34 per cent and 25 per cent respectively, rapeseed remains very much the exchange's backbone.

Rapeseed futures accounted for 58 per cent of tha exchange's overall volume in the year to last month, trading 785,879 lots in all, up 6 per cent on 1986-87.

Traders attribute the contract's continued success to the increasingly positive long-term price outlook, althougb prices have slipped back a little in recent weeks, spurred in part by rising demand in Mexico and the US.

Similarly, improved price forecasts are the main factor underlying the rapid volume-growth in the exchange's smaller contracts as recent years' chronic surpluses are whittled down.

Mr Harvey Hanec, vice-president and floor-trader with McLeod Young Weir says: "There is more of a sentiment to trade nnw. Production and consumption are coming a bit more into line."

However, ba regards the current situation as what he calls an anticipatory bull market rather than a fully-fledged bull.

"Very few people think that prices won't be higher in 12 to 18 months time," he says.

Of the exchange's remaining contracts flaxseed futures volume is running 13 per cent abead of year-ago levels while rye is up a comparatively modest 6 per cent.

However, the precious metals complex remains almost moribund.

Brazil allows traders to sign long-term contracts

BY JOHN BARHAM IN SÃO PAULO

THE BRAZILIAN Government's foreign trade council has decided to allow the country's commodity exporters to enter into long-term sales contracts.

Until now they have been restricted to trading on a cash-only basis.

Mr Namir Salek, president of Cacex, the Bank of Brazil's foreign trade department, said the new rules would make it easier for Brazilian exporters to open up new markets and to develop existing ones, becanse large export volumes were increasingly governed by four- or five-year contracts.

He boped, particularly, that the new rules would help to increase agricultural exports to Japan.

Mr Michel Alaby, a foreign trade specialist, said agricultural exports would benefit most from the change. Previously, exports were cash-only because of Brazil's foreign exchange problems and insufficient international trade finance for agricultural goods.

Mr Alaby said that now Brazil was close to settlement of its debt problam, exporters would find it easier to offer competitive long-term contracts.

However, companies will still be subject to a degree of government bureaucracy. All long-term contracts must be approved first by Cacex.

Further, contracts must feature escape-clauses enabling exporters to suspend shipments in cases of domestic shortage.

Finally, Cacex has still to decide which products will be granted long-term contract privileges.

● Brazil may not sign any new sugar-export contracts this year because of a production shortfall, said Mr Nilson Miranda Motta, head of the government-run Sugar and Alcohol Institute. He emphasised that Brazil would honour all existing export contracts.

The institute said drought had cost the north-east of the country between 13 per cent and 15 per cent of its sugar-cane harvest. São Paulo traders suggest the region's production loss may be as high as 30 per cent. The arid north-east is Brazil's main producer of export-quality demerara sugar.

This year Brazil has export contracts of 603,000 tonnes. Traders and institute officials said it was too early to forecast if lower Brazilian exports would affect international prices.

More producers follow zinc rise

BY DAVID BLACKWELL

PREUSSAG, Metallgesellschaft and other big European zinc-producers yesterday raised their prices for the metal from $890 to $920 a tonne in tbe wake of last week's price increase by Electrolytic Zinc of Australasia and Asturiana de Zinc of Spain.

Last week's move divided market opinion on whether the new level would hold. However, a special report this week from Rudolf Wolff, London metal-traders, suggests tbe coming months will see still higher prices for the metal which has been trading on the London Metal Exchange at about £510, or $900, a tonne.

The firm's report on zinc points to several bullish factors in the market, including production losses and delivery delays, an expected rise in demand by China and the Soviet Union, positive steps towards capacity-rationalisatlon io Europe and Japan, and cootinuing low levels of both producer and London Metal Exchange stocks.

It emphasises the recent declaration of force majeure at Minero Mexico because of strike action, and the intense speculation about possible closure of tbe Italian company Pertusola's refinery at Crotone.

Wolff forecast a 98,000-tonne zinc surplus for this year at the year's start. The firm has revised its prediction dnwnwards, to a 44,500-tonne surplus. However, the report suggests this could easily turn into a 10,500-tonne deficit.

The galvanised steel industry – by far the biggest user, taking about a third of total output – holds the key to demand this year.

Prices above the previous long-term highs of about £520 to $920 a tonne would signal significant short-term potential for further rises to about $1,000 a tonne.

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,280-2,300 (2,270-2,300).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 5.50-5.70 (same).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehonse, ingots 6.85-7.05 (6.40-6.90), sticks 6.85-7.05 (6.40-6.90).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.80-7.00 (same).

MERCURY: European free market, min 99.99 per cent, $ per 76 lb flask, in warehouse, 285-305 (288-310).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.30-3.45 (3.20-3.25).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 10.40-10.60 (10.40-10.80).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit (10 kgs) WO, cif, 50-58 (same).

VANADIUM: European free market, min 98 per cent, VO, cif, 3.00-3.10 (2.90-2.98).

URANIUM: Noexco exchange value, $ per lb, UO, 16.30 (same).

WORLD COMMODITIES PRICES

LONDON MARKETS

COFFEE PRICES fell sharply again yesterday under pressure from the strength of sterling against the dollar. The three-month robusta contract continued the steep decline of Monday, when it fell £48 a tonne, closing yesterday at £1,151 a tonne, a fall of £11 and the lowest level since August 1982. The liquidation of long positions sparked further selling, fuelling the slide in a market which featured slack demand for physical robusta, dealers said. Roasters are waiting for the market to bottom out before buying, and origins are not offering at such low prices because it might mean them taking a loss, they added. On the London Metal Exchange nickel prices moved ahead, although the premium for cash metal narrowed by $75 from Monday to $1,850. Three-month metal closed at $10,350, equivalent to $4.70 a lb. Dealers said the market could go higher because of tight supplies and steady stainless steel demand.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$12.75-2.87y	-0.175
Brent Blend	$13.85-3.95z	-0.05
W.T.I. (1 pm est)	$15.40-5.45y	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$167-170	
Gas Oil (Soviet)	$127-128	-2.00
Heavy Fuel Oil	$63-65	
Naphtha	$136-140	-0.50
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$437.50	+1.00
Silver (per troy oz)♣	637c	-3.00
Platinum (per troy oz)	$479.50	-0.65
Palladium (per troy oz)	$120.00	-0.50
Aluminium (free market)	$2360	+45
Copper (US Producer)	108¾-10c	
Lead (US Producer)	35.50c	
Nickel (free market)	370c	
Tin (European free market)	£3740	-50
Tin (Kuala Lumpur market)	17.30r	-0.12
Tin (New York)	318.50c	
Zinc (Euro. Prod. Price)	$905	
Zinc (US Prime Western)	45.375c	
Cattle (live weight)†	189.59p	+1.63*
Sheep (dead weight)†	196.00p	+30.16*
Pigs (live weight)†	89.00p	+1.97*
London daily sugar (raw)	$224.80x	+2.20
London daily sugar (white)	$235.50x	+1.50
Tate and Lyle export price	£230.00	-1.00
Barley (English feed)	£100.00	
Maize (US No 3 yellow)	£134.00	-0.00
Wheat (US Dark Northern)	£93.50x	-1.00
Rubber (spot)♥	62.00p	-1.25
Rubber (Apr) ♥	66.25p	-1.00
Rubber (May) ♥	66.25p	-1.00
Rubber (KL RSS No 1 Mar)	266.00my	+1.00
Coconut oil (Philippines)§	$535.00x	+5.00
Palm Oil (Malaysian)§	$385.00x	
Copra (Philippines)§	$360.00x	
Soyabeans (US)	£152.50	
Cotton "A" index	65.25c	-0.45
Woollops (64s Super)	576p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. z-Mar. u-Apr/Sep. x-Mar/Apr. y-Apr. t-Apr/Jun. s-Apr/May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Mar	950	949	948	932
May	971	971	974	952
Jly	991	990	991	972
Sep	1008	1008	1010	991
Dec	1033	1036	1037	1020
Mar	1060	1066	1064	1047
May	1092	1085	1090	1068

Turnover 5530 (4660) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for March 7: 1256.54 (1264.34). 10 day average for March 8: 1273.53 (1283.09).

COFFEE £/tonne

	Close	Previous	High/Low	
Mar	1120	1132	1138	1112
May	1151	1162	1169	1141
Jly	1178	1187	1193	1165
Sep	1204	1215	1210	1192
Nov	1225	1240	1242	1217
Jan	1250	1266	1267	1251
Mar	1270	1295	1288	1285

Turnover 8978 (5471) lots of 5 tonnes. ICO indicator prices (US cents per pound) for March 7: Comp. daily 1979 117.74 (118.73); 15 day average 121.28 (121.73).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
May	187.20	180.60	192.00	187.00
Aug	187.00	180.40	192.00	187.00
Oct	187.00	180.00	192.00	187.00
Dec	189.00	189.20		
Mar	187.00	191.00	192.00	187.00
May	199.00	192.00		
White	**Close**	**Previous**	**High/Low**	
May	230.00	232.00	233.00	230.00
Aug	231.00	232.00	233.50	232.00
Oct	230.00	232.00	232.50	230.00
Dec	230.00	231.50	233.00	232.00
Mar	231.00	232.00	233.50	233.00
May	233.00	233.00	233.00	
Aug	234.00	235.00	235.00	

Turnover: Raw 2805 (3205) lots of 50 tonnes; White 2350 (250). Paris- White (FFr per tonne): May 1011, Aug 1033, Oct 1048, Dec 1059, Mar 1033, May 1045.

GAS OIL $/tonne

	Close	Previous	High/Low	
Mar	125.00	124.00	126.00	124.50
Apr	123.25	122.50	124.25	122.75
May	122.50	121.75	123.25	122.00
Jun	123.75	123.00	124.25	123.00
Jul	123.50	123.00	124.30	123.50

Turnover: 4653 (4798) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Mar	104.40	105.15	104.40	
May	108.60	107.15	105.65	105.60
Jly	109.40	110.05	109.85	109.40
Sep	101.35	101.25	101.35	101.25
Nov	103.40	103.30	103.40	103.35
Jan	105.55	105.50	105.55	
Mar	107.70	107.55	107.70	
Barley	**Close**	**Previous**	**High/Low**	
Mar	103.50	103.75	103.75	103.50
May	105.50	105.60	105.00	
Sep	98.25	98.25	98.25	
Nov	100.75	100.75	100.75	
Jan	103.00	103.00	103.00	
Mar	100.00	105.00	105.00	

Turnover: Wheat 78 (74), Barley 26 (35) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,825 tonne
Cash	2355-65	2310-20		2355-65		
3 months	2150-210	2160-70		2190-800	2215-35	3,340 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 12,675 tonne
Cash	1280.5-3.5	1275-7	1284	1285-4		
3 months	1155.5-7.5	1163.5-4.5	1192/1170	1158-9	1160-1	48,733 lots
Copper, Grade A (£ per tonne)						Ring turnover 28,650 tonne
Cash	1263-5	1273-5	1262/1260	1262-3		
3 months	1166.5-9	1183-4	1181/1171	1181-2	1171-2	68,954 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1215-25	1230-40		1210-20		
3 months	1160-70	1165-75		1155-65		38 lots
Silver (US cents/fine ounce)						Ring turnover 20,000 ozs
Cash	632.5	637-8		633-5		
3 months	642.5	647-8		644-5		535 lots
Lead (£ per tonne)						Ring turnover 16,725 tonne
Cash	358-60	354-5	365	361-2		
3 months	335-5.5	340-0.5	341/337	340-1	337-8	10,535 lots
Nickel ($ per tonne)						Ring turnover 1,416 tonne
Cash	12100-500	12000-300	12550	12150-200		
3 months	10300-400	10150-50	10450/10150	10320-50	10400-50	5,366 lots
Zinc (£ per tonne)						Ring turnover 8,875 tonne
Cash	507-8	511-2	510/509	509½-½		
3 months	508-8.5	511-1.5	510.5/507	510-10.5	510-10.5	12,835 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Mar	78.00	77.00		
Apr	138.00	136.20	136.60	134.00
May	147.50	145.00	148.50	144.00
Nov	90.80	90.00	91.00	
Feb	101.00	101.00		
Apr	137.50	137.00	137.80	136.50

Turnover: 1146 (868) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Apr	127.20	130.50	127.00	
Jun	125.00	125.50	123.00	
Aug	122.00	122.00	122.00	
Oct	123.00	124.00		
Dec	127.00	127.00	127.00	

Turnover: 130 (61) lots of 100 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Apr	1610.0	1600.0	1615.0	1604.0
Jly	1456.0	1448.0	1458.0	1445.0
Oct	1488.5	1431.0	1490.0	1456.0
Jan	1475.0	1446.0	1475.0	1450.0
BFI	1571.0	1570.0	1571.0	

Turnover 473 (378)

COTTON

Liverpool- Spot and shipment sales for the week ending March 4 amounted to 1005 tonnes against 1059 tonnes in the previous week. Trading was varied with operations occurring in Pakistan, W African, and Russian growths.

JUTE

March/April c and f Dundee BTC $525, BWC $515, BTD $450, BWD $440; c and f Antwerp BTC $500, BWC $450, BWD $433, BTD $445.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	437¼-437¾	237¼-237½
Opening	438¼-436	233½-235
Morning fix	435.70	236.375
Afternoon fix	436.25	240.273
Day's high	437¼-437¾	
Day's low	435¼-435¾	

Coins	$ price	£ equivalent
US Eagle	450-455	244-247
Maple leaf	440-455	244-247
Britannia	450-455	244-247
Krugerrand	433-440	237-239
1/2 Krug	225-234	122-127
1/4 Krug	112-120	60¼-65¾
Angel	447-452	242½-245½
1/10 Angel	45-50	24½-27½
New Sov.	102¾-103¾	55½-56½
Old Sov.	102¾-104¾	55½-56½
Noble Plat	494-499¾	270½-273½

Silver fix	p/fine oz	US cts equiv
Spot	347.80	637.55
3 months	355.35	645.00
6 months	363.10	660.20
12 months	379.25	680.00

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	July	May	July
2000	395	263	47	124
2100	189	179	93	197
2200	117	123	174	280
Aluminium (99.5%)	**Calls**		**Puts**	
1050	319	226	33	104
2100	214	169	79	172
2250	134	98	147	268
Copper (Grade A)	**Calls**		**Puts**	
1950	200	263	64	104
2100	207	187	120	191
2250	136	130	198	280

US MARKETS

IN LACKLUSTER TRADING, the precious metals markets closed roughly unchanged to slightly easier as trade selling tended to overcome commission house and local buying, reports Drexel Burnham Lambert. Copper declined as the market underwent a technical correction with long-covering. Energy futures continued strong as trade and local buying kept prices above pressure despite a brief rally as commission houses bought, touching off stops. Fund buying of the spreads was noted. Coffee rallied as short-covering emerged reflecting a slightly oversold condition and in the absence of price-fix selling. Sugar rallied, trade hedge-lifting and commission house short-covering pushed prices higher. Stable cash prices and follow-through buying firmed cattle futures, while steady cash value firmed live hogs bellies eased reflecting negative fundamentals. The grains were easier across the board.

New York

GOLD 100 troy oz; $/troy oz.

	Close	Previous	High/Low	
Mar	436.5	437.3	0	0
Apr	438.3	439.8	440.5	436.5
Jun	441.8	443.4	444.7	440.5
Aug	446.4	447.4	448.5	446.5
Oct	450.3	451.9	452.5	450.5
Dec	454.8	456.0	456.5	454.0
Feb	459.3	461.0	0	0
Apr	464.2	465.2	466.2	466.2
Jun	469.3	471.3	471.0	471.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	481.8	479.5	483.0	478.5
Jul	485.5	483.5	486.5	480.0
Oct	490.1	488.0	490.0	486.0
Jan	495.8	493.0	495.0	495.0
Apr	501.1	498.1	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	631.0	639.5	640.0	632.0
Apr	634.1	642.6	641.0	641.0
May	638.0	646.6	645.0	635.0
Jul	644.2	654.7	655.0	643.0
Sep	654.0	662.6	659.5	650.0
Dec	664.6	675.5	675.0	664.0
Jan	670.6	678.3	0	0
Mar	679.5	688.1	690.0	680.0
May	687.9	700.8	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	98.50	102.25	103.60	98.00
Apr	97.00	99.75	0	0
May	91.00	93.55	95.30	90.20
Jul	86.90	88.60	90.40	86.80
Sep	84.90	86.20	87.00	84.50
Dec	82.80	84.10	85.00	82.10
Jan	82.20	183.70	84.10	82.00
Mar	81.20	83.00	83.00	81.90

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Apr	15.45	15.37	15.51	15.28
May	15.41	15.35	15.48	15.26
Jun	15.39	15.31	15.42	15.24
Jul	15.36	15.28	15.38	15.20
Aug	15.34	15.25	15.40	15.10
Sep	15.31	15.23	15.31	15.17
Oct	15.34	15.21	15.34	15.10
Nov	15.32	15.20	15.30	15.15
Dec	15.30	15.17	15.30	15.17

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Apr	43.60	43.41	43.90	43.30
May	42.15	41.60	42.30	41.85
Jun	41.30	40.90	41.30	40.85
Jul	41.60	41.35	41.65	41.40
Aug	42.00	41.60	42.05	41.60
Sep	42.80	42.35	42.80	43.00
Oct	43.90	43.35	43.85	43.80
Nov	44.80	44.15	44.30	44.05
Dec	45.50	44.45	45.20	45.20

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1600	1583	1600	1577
May	1630	1620	1640	1600
Jul	1671	1660	1679	1633
Sep	1701	1686	1710	1680
Dec	1736	1715	1746	1700
Mar	1768	1752	1774	1747
May	1790	1773	1794	1775
Jul	1815	1808	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	134.90	132.05	134.40	131.80
May	136.75	134.36	137.30	134.90
Jul	138.60	136.55	139.00	136.80
Sep	140.50	138.10	140.00	137.75
Dec	142.50	139.70	143.25	140.10
Mar	143.00	141.20	143.00	141.20
May	143.25	141.20	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	8.40	8.46	8.61	8.38
Jul	8.31	8.45	8.55	8.31
Oct	8.32	8.46	8.58	8.31
Jan	8.29	8.45	0	0
Mar	8.37	8.51	8.60	8.36
May	8.49	8.66	8.51	8.51
Jul	8.52	8.80	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	60.00	60.65	61.00	60.42
May	61.27	61.22	61.60	60.97
Jul	60.05	60.76	60.90	60.30
Oct	58.25	58.65	58.67	58.15
Dec	56.91	57.32	57.35	56.73
Mar	57.80	58.20	58.15	58.10
May	58.40	58.75	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	165.55	167.00	167.00	165.60
May	159.25	160.70	160.35	158.10
Jul	156.20	158.70	157.40	155.15
Sep	153.75	154.70	154.75	154.25
Nov	152.30	152.95	153.00	152.20
Jan	150.25	150.75	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 7	Mar 4	M'th ago	Yr ago
1741.2	1734.8	1760.1	1535.4

DOW JONES (Base: December 31 1974 = 100)

Spot	128.05	128.25	129.54	113.50
Futures	131.31	131.57	132.89	112.95

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	617/0	613/6	619/0	614/4
May	623/6	619/4	625/6	621/0
Jul	632/6	628/2	634/0	629/0
Aug	633/2	630/0	635/0	631/0
Sep	633/4	630/0	635/0	634/0
Nov	645/4	642/0	647/0	642/0
Jan	660/4	648/4	650/4	645/4
Mar	660/0	656/0	660/2	656/6
May	665/0	661/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.22	20.26	20.32	20.15
May	20.54	20.34	20.67	20.50
Jul	20.87	20.87	20.96	20.75
Aug	20.95	20.79	21.11	20.95
Sep	21.01	20.90	21.15	21.01
Oct	21.17	21.01	21.22	21.17
Dec	21.40	21.20	21.53	21.32
Jan	21.41	21.21	21.41	21.30
Mar	21.52	21.40	21.50	21.55

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	187.4	186.0	188.0	186.0
May	185.0	183.0	185.5	183.0
Jul	184.7	183.4	185.0	183.5
Aug	185.2	183.7	185.3	183.0
Sep	185.6	184.2	186.5	184.6
Oct	185.2	185.5	187.0	185.0
Dec	188.2	185.5	188.0	188.0
Jan	190.0	188.7	190.0	190.0
Mar	192.5	192.2	192.0	192.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	201/4	200/6	202/0	201/0
May	207/6	207/6	208/4	207/0
Jul	211/6	211/2	212/2	211/0
Sep	212/6	213/6	213/4	211/4
Dec	216/4	216/6	217/4	215/4
Mar	224/0	223/6	224/0	222/2
May	227/2	227/2	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	298/4	304/0	305/6	298/4
May	308/4	314/4	315/0	308/4
Jul	313/6	318/4	320/0	313/0
Sep	319/2	325/0	325/0	319/0
Dec	330/0	336/0	337/0	329/4
Mar	336/0	341/0	340/0	336/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	72.92	71.56	72.95	72.02
Jun	70.00	69.05	70.15	69.30
Aug	67.97	66.97	67.97	67.05
Oct	66.57	65.47	66.15	66.55
Dec	67.00	66.17	67.10	66.35
Feb	66.10	67.00	67.10	66.35

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	43.72	43.60	44.20	43.55
Jun	48.22	47.80	48.47	47.85
Jul	47.95	47.60	48.22	47.75
Aug	46.42	46.25	47.05	46.30
Oct	42.30	42.22	42.65	42.00
Dec	43.30	43.55	43.60	42.90
Feb	43.10	43.00	43.10	0

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	53.95	54.70	54.52	53.80
May	55.22	55.67	55.90	54.95
Jul	55.05	55.60	56.40	55.10
Aug	54.95	55.82	56.00	54.57
Feb	57.25	57.00	57.50	56.80
Mar	55.77	55.77	0	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Thatcher boosts sterling

MRS MARGARET Thatcher, the Prime Minister, gave a further boost to sterling yesterday, when she warned Parliament about the dangers of inflation from continued foreign exchange intervention or the lowering of interest rates.

This was taken to indicate that the Government sees little option but to let the pound rise, as the authorities are concerned about continued intervention producing uncomfortably high money supply growth, and finds the alternative way of reducing sterling's value, through lower interest rates, as no more palatable.

The authorities are known to be concerned that strong growth in the economy and upward pressure on wage settlements are potentially inflationary.

Dealers are now under no illusion about the Government's attitude. Rising wage costs will not be offset with a fall of sterling on the exchanges to keep export prices competitive.

At the same time the market found it surprising that the authorities had chosen the present time to allow a revaluation of the pound, only one week before the Budget.

This led to increased nervousness about the contents of the Chancellor's Budget proposals.

Sterling was stsady around DM3.06 for most of the day, but then rose to finish at the days peak of DM3.0725, compared with DM3.0475 on Monday.

A level of DM3.10 is still regarded as an early target, but some dealers were not convinced the pound would hold on to its gains. It has been widely forecast that the UK balance of payments deficit will widen as growth remains strong, and that this will lead to a weakening of the currency later in the year.

Sterling also gained 2.40 cents to $1.8420-1.8430, and rose to Y236.00 from Y233.00; to SFr2.5975 from SFr2.5175; and to FFr10.41 from FFr10.32. The pound's exchange rate index climbed to 77.0 from 76.2.

The dollar remained on the sidelines, but dealers warned that the strength of sterling was undermining confidence in the stability fostered by the Group of Seven, and that this was putting downward pressure on the US currency.

The dollar fell to DM1.6680 from DM1.6765; to Y128.05 from Y128.10; to SFr1.3770 from SFr1.3840; and to FFr5.65 from FFr5.6750. On Bank of England figures, the dollar's index weakened to 93.5 from 93.9.

D-MARK - Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. February average 1.6966. Exchange rate index 149.7 against 147.3 six months ago.

The D-Mark rose against the dollar, as pressure increased on the US currency because of money flowing into sterling. Dealers said movements in the market reflected the pound's strength rather than dollar weakness.

The dollar fell below technical resistance at DM1.67, with dealers suggesting the US currency has further to fall. In Frankfurt the dollar closed at a five-week low of DM1.6680.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 121.35. February average 129.17. Exchange rate index 239.3 against 223.4 six months ago.

The yen weakened against sterling, but improved against the dollar in Tokyo. The pound rose above Y230 for the first time since January 18. Traders in Singapore and Tokyo bought sterling against the dollar, D-Mark and yen, before profit taking pushed the pound down a little towards the close, to finish at Y232.85.

The dollar remained in a narrow range, closing at Y127.80 in Tokyo, against Y128.85 previously.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.3180	+2.05	+0.93	±1.5344
Danish Krone	7.85212	7.91344	+0.78	-0.32	±1.5404
German D-Mark	2.05853	2.07143	+0.63	-0.47	±1.0981
French Franc	6.90403	7.01400	+1.59	+0.49	±1.3674
Dutch Guilder	2.31943	2.32590	+0.28	-0.82	±1.5012
Irish Punt	0.768411	0.775085	+0.87	-0.23	±1.6684
Italian Lira	1483.58	1529.29	+3.08	+2.54	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Mar.8	Latest	Previous Close
£ Spot	1.8410-1.8420	1.818[illegible]
1 month	0.32-0.30pm	0.32-0.3[illegible]pm
3 months	0.93-0.89pm	0.90-0.[illegible]pm
12 months	3.53-3.43pm	3.50-3.[illegible]pm

Forward premiums and discounts apply to the US dollar

POUND SPOT- FORWARD AGAINST THE POUND

STERLING INDEX

CURRENCY RATES

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

*Selling rate

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Little change in gilts

THE IMMEDIATE reaction to the Prime Minister's remarks about sterling and interest rates was to sell sterling denominated interest rates futures, but contracts recovered towards the close of Liffe trading on profit taking.

Traders on Liffe suggested the market has a tendency towards volatility, but only within a restricted range, and by the end of the day there is little overall movement.

A dealer in gilts at one of London's discount houses said there has been strong foreign interest in the market, as sterling has climbed above the DM3.00 ceiling and there appears to be no prospect of an early change in bank base rates. But he added there is also no incentive to take out positions in such uncertain trading, so close to next week's Budget.

June long term gilt futures opened very strong at 122-22 on Liffe, influenced by the further advance of the pound. But this was only just below the day's peak of 122-24. The contract drifted down during most of the morning, as sterling showed no further advance and the pound even threatened to ease back on profit taking.

June gilts touched a low of 121-15 as Mrs Thatcher dashed any hopes of lower base rates, but recovered to close at 122-09, little changed from Monday's finish of 122-11.

Three-month sterling futures showed a similar trend, opening firm at 90.92 for June delivery and trading within a range of 90.65 to 90.96, before finishing at 90.86, against 90.82 at the previous settlement.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
104	—	47	—	637
106	—	—	—	—
108	—	—	—	—
110	1220	—	2	—
112	1023	—	5	—
114	830	—	12	—
116	639	—	21	—

Estimated volume total, Calls 2714 Puts 3899
Previous day's open int. Calls 26063 Puts 14619

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
84	808	—	20	—
86	627	605	39	117
88	452	447	100	159
90	325	337	137	249
92	205	241	217	353
94	108	156	320	504
96	39	119	451	631

Estimated volume total, Calls 165 Puts 285
Previous day's open int. Calls 876 Puts 640

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Apr	Puts-settlements Mar	Puts-settlements Apr
17000	1272	1565	32	115
17500	843	1372	103	222
18000	495	837	256	387
18500	252	569	512	619
19000	109	366	869	916
19500	40	223	1300	1273
20000	12	—	1772	—

Estimated volume total, Calls 0 Puts 15
Previous day's open int. Calls 33 Puts 72

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

PHILADELPHIA SE £/$ OPTIONS

LONDON SE £/$ OPTIONS

LONDON (LIFFE)

CHICAGO

MONEY MARKETS

Rates hold steady

THERE WAS little change in interest rates in London yesterday. In early trading three-month interbank fell to 9-8⅞ p.c., but then moved up to 9⅛-9 p.c., after the Prime Minister told the Commons that an early cut in interest rates would not be allowed because of dangers on the inflation front.

The decline in rates during the morning followed the further advance by the pound, above its overnight rate against the D-Mark of DM3.05. Mrs Thatcher's comment pushed sterling and interest rates higher, but three-month interbank came off the day's peak to finish unchanged at 9¹⁄₁₆-8¹⁵⁄₁₆ p.c.

UK clearing bank base lending rate 9 per cent from February 2

The closing level leave rates confirming the present bank base rate of 9 p.c., and looking for further guidance on monetary policy from next week's Budget statement.

The Bank of England initially forecast a money market shortage of £100m, but revised this to a surplus of £100m at noon.

The authorities did not operate in the market before lunch, but in the afternoon sold £00m Treasury bills, due March 11, at 8⅞ p.c.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £540m, with bank balances below target absorbing £90m.

In Brussels the Belgian National Bank continued its recent policy of reducing short term paper rates. The interest rate on four-month certificates, issued by the securities regulation fund, was cut by 0.05 p.c. to 6.15 p.c. at yesterday's weekly tender. Six-month Treasury certificate rates were reduced by 0.20 p.c. to 6.15 p.c.; nine-month by 0.20 p.c. to 6.25 p.c.; and 12-month by 0.25 p.c. to 6.30 p.c.

In Frankfurt call money was steady at 3.35 p.c., after the terms of the West German Bundesbank's latest securities repurchase agreement tender were in line with market expectations. The central bank offered a 35-day agreement, at an unchanged 3.25 p.c.

In Paris the Bank of France said it will offer FFr7.5bn of negotiable Treasury bills at its weekly tender on March 14. The total will comprise FFr3bn of 13-week bills; FFr2.5bn of 26-week bills; and FFr2bn of 52-week bills.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

For ASPIRIN pain relief TAKE
MICRO THIN COATED ANADIN
FAST PAIN RELIEF
NEW - EASY TO SWALLOW
the proven formula
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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

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EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$ 400	-	-	22	52	-	-	$ 436.85
GOLD C	$ 460	29	6.60	17	15.50	-	-	$ 436.85
GOLD C	$ 480	11	3.20	-	-	-	-	$ 436.85
GOLD P	$ 400	6	3.50	21	5.60 B	-	-	$ 436.85
GOLD P	$ 420	46	5.80 A	-	-	-	-	$ 436.85
GOLD P	$ 440	126	12.20 S	16	16	14	18.50	$ 436.85
		Mch. 88		Jun. 88		Sep. 88		
SILVER P	$ 650	-	-	15	35	20	50	$ 636
		Mch. 88		Apr. 88		May 88		
EOE Index C	Fl. 180	58	22	-	-	-	-	Fl. 201.98
EOE Index C	Fl. 185	27	17.50	105	19	50	19	Fl. 201.98
EOE Index C	Fl. 190	53	12.70	-	-	10	15 B	Fl. 201.98
EOE Index C	Fl. 195	143	8.20 B	-	-	101	13	Fl. 201.98
EOE Index C	Fl. 200	164	4.50	73	8 B	-	-	Fl. 201.98
EOE Index C	Fl. 205	98	2.40	163	5.80	32	7.20	Fl. 201.98
EOE Index P	Fl. 175	-	-	60	1	-	-	Fl. 201.98
EOE Index P	Fl. 180	5	0.30	8	1.80	-	-	Fl. 201.98
EOE Index P	Fl. 185	38	0.50	73	2.50	28	5 A	Fl. 201.98
EOE Index P	Fl. 190	15	1	16	4	-	-	Fl. 201.98
EOE Index P	Fl. 195	120	1.50	29	6	-	-	Fl. 201.98
EOE Index P	Fl. 200	23	3	21	8	5	12	Fl. 201.98
£/Fl C	Fl. 345	-	-	20	1.50 B	-	-	Fl. 343.78
£/Fl P	Fl. 345	-	-	31	4.30 B	5	7.20 A	Fl. 343.78
$/Fl C	Fl. 185	20	3.20	-	-	-	-	Fl. 187.60
$/Fl C	Fl. 190	528	0.90	21	1.90	-	-	Fl. 187.60
$/Fl P	Fl. 185	135	0.50	31	2	30	3.40	Fl. 187.60
$/Fl P	Fl. 190	831	2.90	-	-	-	-	Fl 187.60
		Apr. 88		Jul. 88		Oct. 88		
ASN C	Fl. 40	227	1.40	111	2.20	80	2.90	Fl. 40.30
ABN P	Fl. 40	19	1.30 A	20	2.80	20	3.60	Fl. 40.30
AEGON C	Fl. 70	50	3.20	74	4.80	13	5.80	Fl. 71.80
AEGON P	Fl. 55	200	0.20	-	-	-	-	Fl. 71.80
AHOLD C	Fl 75	26	3.40	10	4.90	-	-	Fl. 75.40
AKZO C	Fl. 120	662	1	41	2.10	10	4	Fl. 103.30
AKZO P	Fl. 100	140	2.50	49	8 A	6	9.80 A	Fl. 103.30
AMEV C	Fl. 55	410	1.50	280	2.60	310	3	Fl. 52.10
AMEV P	Fl. 55	113	4.50	6	6	3	7.50	Fl. 52.10
AMRO C	Fl. 70	155	0.70	68	1.50 B	40	2	Fl. 66
AMRO P	Fl 60	4	0.50	53	2	4	3.50 A	Fl. 66
ELSEVIER C	Fl. 45	183	5.10	-	-	66	7.40	Fl. 49
ELSEVIER P	Fl. 45	50	1.30	-	-	12	3.50	Fl. 49
GIST-BROC. C	Fl. 33	68	0.60	352	1.40	11	2.10	Fl. 30.80
GIST-BROC. P	Fl. 30	2	1.30 A	18	2.50	247	3.50	Fl. 30.80
HEINEKEN C	Fl. 130	47	4.50	16	8	-	-	Fl. 129
HEINEKEN P	Fl. 120	63	3	1	6	-	-	Fl. 129
HOOGOVENS C	Fl. 35	97	1.50	454	2.70	5	3.50	Fl. 33
HOOGOVENS P	Fl. 27.50	-	-	134	1.30	1	2.50	Fl. 33
KLM C	Fl. 35	251	1.60	79	3.10	346	3.30	Fl. 34.90
KLM P	Fl. 30	4	0.40	129	1	81	2	Fl. 34.90
NEDLLOYD C	Fl. 170	85	27	-	-	-	-	Fl. 196.50
NEDLLOYD P	Fl. 170	76	2.20 B	-	-	2	14	Fl. 196.50
NAT NED C	Fl. 60	617	1.90 A	53	2.80	20	3.70 B	Fl. 58.80
NAT.NED P	Fl. 55	71	1	-	-	-	-	Fl. 58.80
PHILIPS C	Fl. 30	669	0.70	351	1.30	116	2.20	Fl. 28.70
PHILIPS P	Fl. 27.50	277	1.40	15	2.40 A	36	2.40	Fl 28.70
ROYAL DUTCH C	Fl. 220	295	2.90	181	4.90	10	7.10	Fl. 214.20
ROYAL DUTCH P	Fl. 210	476	3.50	12	11	30	15	Fl 214.20
ROBECO C	Fl. 95	-	-	-	-	13	4.50	Fl. 90.50
ROBECO P	Fl 95	-	-	200	6.50	-	-	Fl. 90.50
UNILEVER C	Fl. 120	224	2.20	223	5.10	159	7.40	Fl. 116.60
UNILEVER P	Fl. 110	85	2.30	11	5.70	2	7.50	Fl. 116.60

TOTAL VOLUME IN CONTRACTS : 27,786

A = Ask B = Bid C = Call P = Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	Citibank NA	9	Nat Bk. of Kuwait	9
Adam & Company	9	City Merchants Bank	9	NatWestminster	9
AAB - Allied Arab Bk	9	Clydesdale Bank	9	Northern Bank Ltd	9
Allied Irish Bank	9	Comm. Bk. N. East	9	Norwich Gen. Trust	9
American Exp. Bk	9	Consolidated Crdt	9	PK Finans. Intl(UK)	9½
Henry Ansbacher	9	Co-operative Bank	*9	Provincial Bank PLC	10
ANZ Banking Group	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
Associates Cap Corp	10	Dunbar Bank PLC	9	Roxburghe G'rantee	10
Authority Bank	9	Duncan Lawrie	9	Royal Bk of Scotland	9
B & C Merchant Bank	9	Equatorial Bank plc	9	Royal Trust Bank	9
Banco de Bilbao	9	Exeter Trust Ltd	9½	Smith & Williamson Secs.	9
Bank Hapoalim	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd.	9½	TSB	9
Bank Credit & Comm	9	● Robert Fleming & Co.	9	UDT Mortgage Exp	‡10.2
Bank of Cyprus	9	Robert Fraser & Ptnrs.	10	United Bk of Kuwait	9
Bank of Ireland	9	Girobank	9	United Mizrahi Bank	9
Bank of India	9	Grindlays Bank	9	Unity Trust Bank Plc	9
Bank of Scotland	9	● Guinness Mahon	9	Western Trust	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Westpac Bank Corp.	9
Barclays Bank	9	● Hambros Bank	9	Whiteaway Laidlaw	9½
Benchmark Bank PLC	9	Heritable & Gen Inv Bk	9	Yorkshire Bank	9
Berliner Bank AG	9	● Hill Samuel	§9		
Brit. Bk of Mid East	9	C. Hoare & Co.	9		
● Brown Shipley	9	Hongkong & Shangh	9		
Business Mtge Tst	9	Lloyds Bank	9		
CL Bank Nederland	9	Meghraj Bank Ltd	9		
Central Capital	9	Midland Bank	9		
● Charterhouse Bank	9	● Morgan Grenfell	9		
		Mount Bnkg Corp.	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4.00% Savewise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 4.00%. Mortgage 9.625% - 10%

Small Business

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FT CROSSWORD No.6,576

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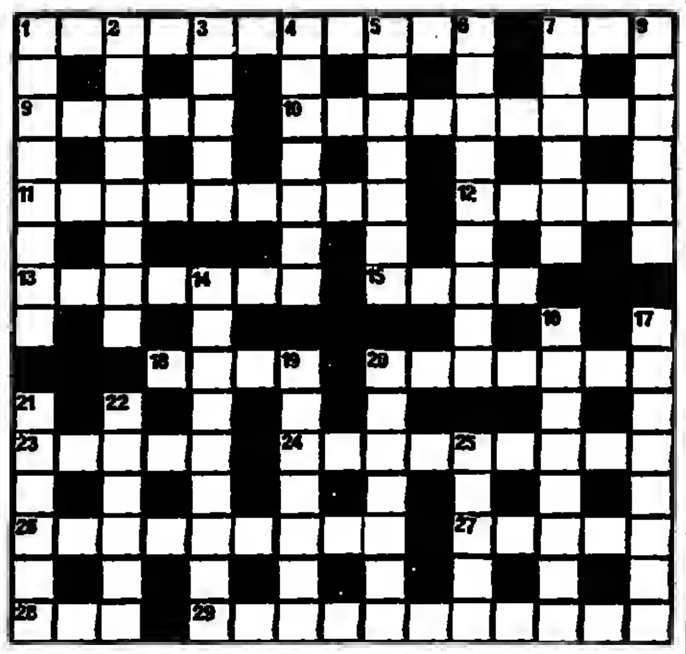

ACROSS

1 Business commitment (11)
7 Almost completed by one of the teaching staff (3)
9 Succeeded during period of expansion, is now bust (5)
10 At a place where there is understanding hospital resident (9)
11 Hybrid tree can, in producing fruit (9)
12 Disastrous setback: no time to smoke (5)
13 Clear out before the big apple theft (7)
15 Roll back tropical disease (4)
18 Admit making a promise (4)
20 Wearing special clothing one has to live in (7)
23 Stands by callers at Christmas (5)
24 In the fracas journalist is cut (9)
26 Other changes refer to backing; it's all speculative (9)
27 In the morning I have to leave friend (5)
28 Dance of spring? (3)
29 Report has influence; it keeps documents under control (11)

DOWN

1 Metropolitan bishopric is elegantly divided (8)
2 Pamphlet on south of France turns up in rubbish container (8)
3 Union leads medical man a dance (5)
4 Seaman – one fired by yen for craft (7)
5 How reporter could introduce himself to stress (7)
6 Get in free, causing sharp fall in attendance figures (4-5)
7 Search for sprinkler (6)
8 Not a line adopted by solicitor usually (6)
14 Listen to part of roof fall down (9)
16 Eager to please with binding (8)
17 Refuse to agree to project (5,3)
19 A trip we arranged for 14 (7)
20 Persuasive person would take in Mussolini and King (7)
21 Change on-off control (6)
22 Row over leading team (4-2)
25 Stop giving cold comfort (5)

Solution to Puzzle No.6,575

```
 SHANDY  RANSOM
 C S A    P E O
PASTIME GRENADE
 L A N A O A E
BEARGARDEN TORN
   T T U   O A
 OBELI MACERATE
 V   O B L    D
RETAINER ERROR
 R V   A A O
PLEA DETONATING
 A R W E S U I
ADMIRER PIONEER
 E C L   N D C
 NEEDLE AGNATE
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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

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Scimitar Asset Management Ltd
8 Crosby Sq. London EC3A 6AQ 01-588 6993/4/5

Scimitar Global Gth Ac	28.5	30.4	-0.5	–
Do Income	28.3	30.2	-0.5	0.19
Scimitar European Acc	21.1	22.6	-0.3	–
Do. Income	21.0	22.4	-0.3	0.11
Scimitar UK Eq Inc Acc	36.2	38.3	+0.2	–
Do Income	34.0	35.8xd	+0.1	5.36
UK Cap Gth Acc	24.8	26.3	–	0.75
Scimitar Pac Basin Acc	30.0	32.0	-0.4	–
Scimitar Mngd Exempt	141.6	147.5xd	-1.1	–

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-558 1051

Intnl Income Units	128.8	137.0	-2.0	3.32
Intnl Accum Units	197.4	210.0	-3.0	3.32
UK General Acc	38.6	41.3	-0.1	3.98
UK General Inc	37.2	39.8	–	3.98
American	27.6	29.5	–	2.13
European	34.5	36.9	-0.6	1.26
Japan	56.1	60.0	-1.2	0.03
Technology	35.5	38.0xd	–	2.29
Performance Trusts				
Far East Perf Tst	78.2	19.3	-0.3	2.00
High Inc Perf Tst Inc	24.2	25.9	+0.2	5.36
High Inc Perf Tst Acc	24.7	26.4	+0.2	5.36
Worldwide Tact Perf Tst	28.2	30.2	-0.4	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	211.0	225.7	-1.2	2.60
Colombus (US)	130.0	139.1	-2.2	1.29
Marco Polo (Pac)	210.4	225.1	-4.5	0.27
Da Vinci (Eur)	222.3	237.8	-1.7	1.63
Drake (Wld)	52.5	56.2	-0.3	2.64

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	204.6	217.7	-0.6	2.68
UK Smlr Cos. Equity	210.4	223.9	–	2.91
UK Special Situations	61.2	65.3	–	2.93

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assoc.	379 2	399 3		-
Eb'r Ph Eq	316 0	337 9		-
Pension Plan Funds				
Phoenix				
UK Equity Acc	165 6	174 2	-0 4	-
International Acc.	126.9	133.5	-1 4	-
Property Acc	125 9	132 0		-
Fixed Interest Acc.	155.5	163 6	+0.2	
Money Acc.	136 9	144 1		-
Bldg Soc. Link Acc.	134.0	141.0	+0.1	-
Special Mnges Acc Q	146 7	154 4	-0 5	-
Phoenix/Prudential				
Intnl Growth Acc.	89 3	93.9	-1 1	-
Amer & Gen Acc.	82 0	83 1	-1 2	-
Capital Tst. Acc	174 9	183 7	-1 2	-
Japan & Gen Acc	100 2	189 6	-2 9	-
American 7ons Acc.	83 0	88 2	-0 9	-
Recovery Tst. Acc	172 5	101 5	-0 5	-
Special Mngd Acc.	143 8	151 3	-0 5	-
Phoenix/GT				
International Acc.	124 0	130 3	-0 6	-
US & General Acc	92 4	97 2	-1 0	-
Amer Spec Sits Acc	66 5	69 9	-0 0	-
Japan & General Acc	178 6	187 9	-0.2	-
Far East & Gen Acc	140 1	147.4	-1 6	-
UK Capital Acc	171 6	180 6	-0 8	-
European Acc	136 0	143 1	-0.5	-
Special Mngd. Acc	126 4	133 0	-0 7	-

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N Waterloo Liverpool 051-928 6655

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987/88 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102	99	Exch 10½pc '88	100		10.47	8.79
101	98	Treas 9¾pc Cv '88	100		9.73	8.78
98	93	Transport 3pc '78-88	98	.....	3.04	6.76
101	98	Treas. 9½pc '88	100		9.48	9.01
105	101	Treas 11½pc 1989	102	.....	11.26	9.06
102	97	Treas 9½pc Cnv 1989	100	.....	9.45	8.96
96	89¼	Treas 3pc 1989	96	.....	5.12	6.34
	99	Treas 10½pc 1989	101	.....	10.33	9.05
103	98	Exch 10pc 1989	101	.....	9.88	9.07
105	100	Exch 11pc 1989	502	.....	10.71	9.09
	89	Treas 5pc 1986-89	96¼	.....	5.19	7.46
	99	Exch 10¼pc Cv '89	105		9.88	7.80
111	104	Treas 13pc 1990‡‡	106		12.20	9.02
106½	100	Exch 11pc 1990‡‡	103		10.65	9.07
110	103	Exch. 12¼pc 1990	506		11.78	9.14
92	84½	Treas. 3pc 1990	92	.....	3.25	6.85
100	93	Treas 8¼pc 1987-90‡‡	98		8.35	8.84
101	98	Treas. 8pc Cv 1990	101	.....	7.91	7.47
105	97½	Treas. 10pc Cv 1990	102		9.81	9.13
91	81	Exch 2½pc 1990	89		2.78	6.64
110½	102	Treas 11¾pc 1991	106		11.05	9.14
95	87¼	Funding 5¾pc '87-91‡‡	93		6.13	8.07
90	80¼	Treas. 5pc 1991	88		3.39	6.99
110¼	98½	Treas 10pc Cv '91 ‡‡	104¼		9.58	8.47
109	101	Exch. 11pc 1991	105		10.42	9.15
99	91	Treas. 8pc 1991	96		8.28	9.00
116	107	Treas 12¾pc 1992‡‡	111½		11.42	9.11
106	97	Treas 10pc 1992	102		9.72	9.11
99½	90	Treas. 8pc 1992 ‡‡	96		8.30	9.06
108	99½	Treas 10½pc Cv 1992‡‡	104		10.04	9.15
86	79	Treas. 5pc 1992	85		5.52	7.05
115	105	Exch. 12¼pc '92	111		11.03	9.18
121	110	Exch 13½pc 1992	115		11.68	9.20

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

BRITISH FUNDS – Contd

[illegible]

Undated

High	Low	Stock
45½	39	Consols 4pc
41	34	War Loan 3½pc
52	46½	Conv. 5½pc '61 Aft.
34	29	Treas. 3pc '66 Aft.
29	24	Consols 2½pc
29	24	Treas. 2½pc

Index-Linked

High	Low	Stock
119¼	100	Treas 2pc IL '90
101¼	93½	Do. 2pc '92
131	119	Do 2pc '96
111½	96	Do 2½pc '01
110	94¼	Do 2½pc '03
123	94	Do. 2pc '06
108	89	Do. 2½pc '09
113	93	Do. 2½pc '11
95	76	Do. 2½pc '13
103	83½	Do. 2½pc '16
101	81¼	Do. 2½pc '20
86	68	Do 2½pc '24

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for June 1987: 101.9 and for January 1988: 103.5 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

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COMMONWEALTH & AFRICAN LOANS

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LOANS

Building Societies

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Public Board and Ind.

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Financial

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FOREIGN BONDS & RAILS

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AMERICANS

[illegible]

Continued on next page

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

AMERICANS—Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
44⅝	21⅛	Sun Co Inc. $1	29⅞xd	-⅝	$3.00	—	5.6
42¼	22¼	TRW Inc. 62½c	26⅞xd	-¼	t$1.60	—	3.3
37½	21	Tenneco $5	23⅜	-⅜	$3.04	—	7.2
220	149½	Do 10pcLn.Stk. 91-5	158	.....	10%	—	14.7
29⅝	13⅞	Texaco $6.25	24⅝	-¼	$3.00	—	6.6
74⅜	36⅝	Time Inc. $1	48⅞xd	-1⅞	$1.00	—	1.1
30¼	15	Transamerica $1	19⅜	-⅜	$1.84	—	5.2
14⅛	1⅛	Transworld Corp $5	903p	-22	20c	—	1.2
27⅛	12¼	TRINOVA Corp	18	-¼	56c	—	1.7
24⅜	12⅛	♦USX $1	10⅞	-⅜	$1.20	—	3.6
37⅞	16¾	Utd. Technologies	21½	-⅜	$1.40	—	3.6
38⅝	25⅞	US West‡	30	-⅝	$3.28	—	6.9
30½	17⅛	Waste Management $1	19½	-¼	36c	—	1.9
31⅝	11⅝	Whirlpool $1	15⅞xd	-½		—	—
37⅛	16½	♦Woolworth $3½	24¾	-⅜	$1.32	—	2.9

CANADIANS

High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp ‖	251p	-9		—	—
26¼p	10p	♦Abbot Energy Corp.	18p	.....		—	—
18⅛	506p	♦Amer. Barrick Res.	12⅛	+⅛		—	—
141p	3½p	American Lightwave	4p	+½		—	—
122p	25p	♦Armeno	26p	-3		—	—
117p	39½p	Augmitto Expln.	54p	+1		—	—
19⅝	10⅝	Bk. Montreal ‖	11⅞	.....	$2.00	—	7.4
10½	488p	Bk. Nova Scot ‖	573p	-7	72c	—	5.5
20⅝	15	BCE ‖	17⅛	.....	$2.44	—	6.3
10¼	511p	♦Bow Valley‖	687p	-1	†40c	—	2.6
28	10⅛	♦Brascan‖	11⅝	-⅛	88c	—	3.3
609p	186p	♦Breakwater Res.	240p	-4	10c	—	1.8
11⅞	734p	Can Imp Bank‖	938p	+6	$1.08	—	5.1
14	792p	Can. Pacific ‖	10⅝	.....	60c	—	2.5
42½	37½	Do. 4pc Deb £100	40	.....	4%	—	10.8
827p	332p	Central Capital "A" ‖	458p	-13		—	—
162p	28¼p	Danbus Res.	155p	-4½		—	—
687p	354p	Derlan Inds.	521p	.....	11.75c	—	1.9
18	756p	♦Echo Bay Mines	11⅝	.....	20c	—	9.8
68p	26½p	Energex Minerals	38½p	-1		—	—
230p	66p	Euro-Asia Capital Ltd	83p	-4½		—	—
821p	246p	♦Galactic Resources	277p	.....		—	—
236p	89p	♦Geodome Res	181p	.....		—	—
69p	4¼p	Global Data Systems	15½p	.....		—	—
873p	237p	Granges Expln‖	273p	+2		—	—
19½p	7½p	♦Gt. Pacific Res	13p	.....		—	—
14½	560p	♦Gulf Canada‖	736p	-19	52c	—	3.1
14⅛	782p	♦Hawker Sid Can‖	938p	-27	$1.08	—	5.1
740p	332p	Heenys Group	421p	.....		—	—
14¼	767p	♦Hudson's Bay ‖	952p	.....	60c	—	2.8
38¼	21¼	♦Imperial Oil‡	24⅞	-1	s$1.60	—	2.8
14¼	764p	Inco‖	13⅜	-¼	US$0.40	—	1.7
460p	290p	♦Intl. Corona Res.	360p	.....		—	—
785p	417p	♦Inland Nat. Gas $1	568p	-36	60c	—	4.7
10¼	385p	♦Lacana Mining Corp‖	486p	+21	815c	—	1.4
756p	129p	Madeleine Mines	192p	-10		—	—
2456p	102p	♦Muscocho Expln.	137½p	+2½		—	—
379p	125p	♦Intl Business Syst. ‖	166p	.....		—	—
623p	110p	♦Nevada Goldfields	115p	-7		—	—
251	696p	♦Rio Algom	920p	+8	$1.30	—	6.2
19⅞	11¼	Royal Bk. Can. ‖	12⅝	.....	$2.08	—	7.3
403p	135p	♦Royex Gold Mining ‖	214p	+4		—	—
92¼	27¼	Seagram‖	31	-⅛	US$1.10	—	1.9
731p	235p	♦Sonora Gold Corp‖	289p	-10		—	—
208p	18p	Spiral Eng.	28p	+1½		—	—
81p	35p	Tan Pure Tech. Corp. ‖	77½p	.....		—	—
15⅛	10	Toronto-Dom. Bk. ‖	12⅛	-⅛	92c	—	3.3
228p	19p	♦Trans Atlantic Res ‖	34½p	+2		—	—
10⅛	573p	♦Trans Can Pipe	573p	-24	$1.12	—	8.6
200p	115p	Varity Corp‖	170p	+4		—	—

BANKS, HP & LEASING

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
259	128	ANZ $A1	157	-7	Q21c	3.1	5.2	6.3
*273	175	Allied Irish	213	.....	‡ℓ61.6%	3.0	6.4	7.9
*£16½	£10½	Algemene Fl 19	£11⅝	-⅛	927%	♦	7.2	♦
*128	53	Anglo Irish	78	.....	Q19.69%	1.2	6.3	20.5
108	67	Ansbacher (H.) 1p	67	-1	2.0	—	4.2	—
£42½	£20¾	Banco de Bilbao S.A.	£33⅛	-⅜	Q48%	♦	3.7	♦
£34½	£23½	Banco de Santander	£29	-⅜	Q22%	2.4	1.9	21.2
*245	175	Bank Ireland Ir£1	210	.....	ℓ015.3%	2.9	6.5	7.5

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Contd

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING—Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- §§ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	79	......
Craig & Rose £1	673	+12
Finlay Pkg. 5p	70	......
Holt (Jos) 25p	£11⅝	......

Arnotts	305	......
CPI Hldgs	88	+5
Carrol Inds	163	−1
Hall (R. & H.)	106	−2
Heiton Hldgs	45	......
Irish Ropes	120	......
Unidare	150	−5

IRISH

Fund 11¾% 1988	£100¼	......
Nat. 9¾% 84/89	£100⅞	......
Fin. 13% 97/02	£114¾	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	24
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	24
Cadburys	26
Charter Cons	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	118
Grand Met	42
GUS 'A'	110
Guardian	27
GKN	38
Hanson	14
Hawker Sidd	48
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen	38
Lex Service	35
Lloyds Bank	28
Lucas Inds	62
Marks & Spencer	25
Midland Bk	35
Morgan Grenfell	35
NEI	10
Nat West Bk	60
P & O Dfd	32
Plessey	16
Polly Peck	32
Racal Elect	22
RHM	35
Rank Org Ord	60
Reed Intnl	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	50
Vickers	18
Wellcome	42
Property	
Brit Land	28
Land Securities	40
MEPC	48
Peachey	40
Oils	
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	118
Tricentrol	16
Ultramar	24
Mines	
Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

First Dealings	Option Declarations	Last Dealings	Account Day
Feb 22	Mar 3	Mar 4	Mar 14
Mar 7	Mar 17	Mar 18	Mar 28
Mar 21	Apr 7	Apr 8	Apr 18

*New time dealings may take place from 9.00 am two business days earlier.

Bonds and equities close steadily after erratic trading in both sectors

A SESSION of erratic movements in prices for both equities and Government bonds closed with both sectors in good form following the Parliamentary statement from Mrs Thatcher, the UK Prime Minister, that there would be no early change in interest rates to deal with the sudden rise in sterling.

The initial response to tha Prime Minister's statement, and to the further rise in the pound which followed it, was a sharp mark-down in both Gilt-edged and share prices. However, on second thoughts, City analysts took the view that Mrs Thatcher's words were positive for inflation, and neutral for interest rate prospects.

Government bonds, which moved wildly in mid-afternoon, closed with gains of about ¼. Bond analysts stressad the favourable implications for inflation of the official decision to allow sterling to rise rather than to lower interest rates. "The market decided that the statement, far from being bad for Gilts, was particularly good for the sector", commented Mr John Shepperd of Warburg Securities.

Equities ended the day with trifling losses, with the FT-SE 100 Index down 3.2 at 1821.5, after quickly recouping a nine point fall in initial response to the Prime Minister's speech. Once again, a strong pound was seen as a protection against rises in UK interest rate rises, albeit a threat to industry's export sales.

The rise in the pound has not shaken market confidence ahead of what is generally expected to be, "a reasonably good Budget", now less than a week away and with no major UK economic data dua in the meantime.

Among the major export shares threatened by a pound at DM 3.07, ICI gave ground. But selling of the shares, never on any great scale, dried up before the close. Glaxo, with dollar earnings to repatriate, shaded lower, but Beecham and Shell responded well to favourable views on the shares in tha marketplace.

Equity turnover, at 420.9m shares on tha Seaq system, remained healthy, if slightly below the recently-improved levels. There was ready support for a number of special situations, among which oil stocks again featured as industry analysts predicted an early upturn in crude prices. Heavy buying of British Petroleum shares reinforced belief that US, UK and Middle Eastern sources taka a highly favourable view of tha group's prospects in the wake of the Britoil deal.

In early trading in the Gilt-edged market before the news from the House of Commons - prices stood up well in the face of some profit-taking from Japan overnight. Prices plunged by ¾ on the Prime Ministerial comments, but as quickly recovered when wiser counsels took effect.

The excitement may have again restrained the authorities from issuing the market-management tap stock, which is regarded as a certainty over the pre-Budget period. Tima is running short now and Friday afternoon, the usual time for such announcements, may provide the Bank with its last opportunity.

BP captured the attention of the market as another huge turnover was reported - 9.4m of the "old" shares changed hands while 37m of the "new" moved through tha SEAQ system. The latest turnover numbers triggered another bout of speculative buying interest in both classes of shares with the "old" touching 259p before closing a net 2 higher at 256p and the "new" moving up to 70½p before settling a net 4½ up at 69½p.

The early wave of buying interest triggered widespread speculation that a stake - other than the near 20 per cent holding of the Kuwait Investment Office - was being accumulated. Tha rumours hinged on the sustained and heavy buying of BP over the past couple of weeks during which turnover in the old has approached 70m in the new 150m shares.

Kleinwort Grieveson were again the big buyers in the market and Philip Lambert, the firm's oil company analyst, confirmed their positive stance on BP. "We think BP is one of the cheapest stocks in the market." He added that the company is "tba upstream major and will benefit very quickly from an expected upturn in crude oil prices in the near term". Mr. Lambert said there had been strong US interest in BP which was significant following the fiasco of the public share sale last November.

Shell progressed to close 9 up at 982p on turnover of 1.3m shares. Enterprise Oil raced up to 331p on general enthusiasm over the discovery of the Nelson oilfield in the North Sea but dipped late to close unchanged on the day at 325p after turnover of 3m shares. LASMO, with a 25.3 per cent stake in Enterprise, rose 7 to 304p, after 308p as Morgan Grenfell, tba securities house described the stock as the "best takeover candidate in the sector with a takeout price of at least 400p a share". Britoil, said by dealers to be a cheap way into BP, were 4 up at 504p. British Aerospace traded heavily again (17m shares), with the price continuing to push ahead as some City houses took the bullish view of the plan to purchase Rover Group. There is still a considerable split of views on the plan, however, with some analysts focussing on the generous terms for Rover likely to be offered by the UK Government but others still completely unconvinced of the industrial logic of uniting an major aerospace company with a car manufacturing group.

At 383p, Aerospace ended below the best for a net gain of 6, while Rover added 3 to 85p.

Beecham attracted good domestic and US support on prospects for the group's heart drug Eminase. The Lancet, the premier UK medical journal, is expected to publish on Friday a positive report on the latest tests on the drug and to follow up with a high-powered conference of leading heart specialists and City investment analysts, at which stock market hopes to learn the name of Beecham's prospective partner for the marketing of Eminase in the US.

Du Pont, the major US chemical company, has been suggested as a possible marketing partner. Beecham closed 8 higher at 485p on turnover of 4.5m shares.

BPB Industries, the UK supplier of plaster, plasterboard, and other gypsum-based products, spurted 6 to 307p on a turnover of some 3.3m shares as the company told customers of a two to three per cent gypsum products price increase, effective April 5. The last rise in gypsum products prices was in April last year, but BPB emphasised that it is not tied to annual price reviews.

Mr. Richard Hopewell, building analyst at SBCI Savory Milln, doubts whether the price increase will have much financial impact on BPB, but doesn't rule out other "unseasonal" price rises within the Building Materials sector where demand is currently running at a high level.

Scottish & Newcastle, tba Edinburgh-based brewer, overshadowed other drinks issues with a turnover of 4.8m shares. The sudden expansion in activity aroused suspicions that either of the two shareholders from "down-under" could be increasing their stakes, but marketmakers thought such a move unlikely.

They pointed to the considerable volume of inter-market trading, which eventually flushed out professional operators running short book commitments, and to tha widespread flature of demand. No single investment house was a heavy buyer of the stock. Speculation persisted, however, and S & N shares rose 9 further to close at 269p. At the last count, Sir Ron Brierley held a 6.8 per cent stake and Elders IXL a 2 per cent interest.

The big-four banks came under minor selling pressure end generally closed with minor falls. But Lloyds, bought up to 288p early in the day, closed unchanged at 285p on turnover of 2.8m; rumours that a stake is being accumulated continued to circulate yesterday.

Dealers reported a much more confident performance by Standard Chartered which closed only a shade easier at 468p after Monday's steep fall. TSB where there was a single deal of 2m shares traded at 112p as well as a 1m deal at the same price, eased to 112p.

Merchant banks remained in vogue after the recent spate of "buy" recommendations. SG Warburg jumped 9 more to 388p, Kleinwort Benson 6 to 385p and Morgan Grenfell 7 to 275p.

Worries of possible increased taxation in the budget depressed the life assurance companies; especially Abbey which dropped 12 to 262p. Composites slipped back with Commercial Union 5 down at 325p after "take profits" advice from Kleinwort Grieveson.

Yesterday saw the introduction to the market of Berry Starquest, formerly Berry Trust; the shares opened at 159p, but later slipped back and settled at 151p.

Business in the Building sector contracted and prices gave ground. Redland and RMC, both major overseas earners, fell back, the former settling 6 off at 432p, and the latter closing 5 cheaper at 460p. Elsewhere, Barratt Developments attracted occasional support ahead of the interim statement, due on March 23, and added 3 at 198p; Phillips and Drew, the securities house, are recommending purchases of the shares and expect Barratt to reveal *half-year profits of some* £19m.

Volume in ICI totalled 3.3m shares, but the price eased to £10⅞. Blagden Industries firmed 4 to 177p in reply to good annual results, but Leigh Interests shed that much, to 191p, on news of the £9.7m rights issue.

The top line electronics were again relatively quiet. BSR, a poor market after the preliminary figures which were regarded as slightly disappointing, staged a good revival and settled 4 better at 89p as at least two major securities houses took a much more positive view of the stock - County NatWest say "wa are optimistic about prospects and regard the rating as modest, buy" while BZW say "on our current year estimate (£21m) the shares look cheap".

TI attracted a substantial two-way business and dipped back to 338p before closing 4 cheaper on balance at 341p after announcing an £80m cash bid for US small diameter tube manufacturer Bundy. TI made an earlier bid for Bundy but that was withdrawn because of the worldwide collapse in share prices.

The latest bid, according to analyst Bob Bucknall of Smith New Court, is effectively 10 per cent cheaper than the previous one because of exchange rate changes since the crash. Bundy's earnings are running 20 per cent higher than last October, and, Mr Bucknall says there is no earnings dilution for TI. The latter's preliminary figures are dua Thursday when Smith New Court are looking for profits in the region of £59m pre-tax.

United Biscuits were a dull performer, the shares falling 10 to 261p amid vague market rumours that the company may face increased UK competition from Nabisco and talk that the group looked likely to acquire Ross Foods, the Hanson subsidiary. Greggs continued to reflect the increased annual profits with a further gain of 10 at 390p, but Bensons Crisps gave ground following the preliminary statement to close 6 lower at 90p. Among Food Retailers, profit-taking left Argyll 5 down at 207p.

International stocks were broadly easier, but Wellcome bucked the trend and rose 13 to 489p as an international conference on AIDs got under way at the City's Barbican Centre; Phillips and Drew are currently recommending the shares and forecast earnings growth of some 50 per cent this year and 40 per cent next. P & D say Retrovir prospects remain bright and the company should benefit from a flow of new products. Fisons firmed 6 helped by favourable Press comment, while Rank Organisation, which announced the $180m acquisition of leisure group Ahnert on Monday, attracted strong demand and raced up 17 to 691p as analysts raised their profit forecasts. Morgan Crucible revived strongly at 264p, up 14, as Warburg Securities turned buyers of the stock, while Eurotunnel firmed 3 to 337p reflecting further overseas buying interest, particularly from France and the US. Abbeycrest shed 17 to 173p, details of an open offer to shareholders overshadowing the increased annual profits. Brokers' recommendations boosted Redfearn 7 to 461p and Avis Europe 12 to 331p.

Perry group, the Ford main dealer and estate agent, revealed annual profits spot on with market estimates at £6m, but the shares bounded 17 to 230p, after 239p, as analysts came away from the ensuing meeting with the company in positive frame of mind. Two other motor distributors also powered forward: Evans Halshaw, currently favoured by County NatWest, jumped 15 more to 273p while H & J Quick spurted 18 to 283p; Courtaulds' pension fund holds 13.1 per cent of the latter. The re-rating of Lex Service continued and the shares ended 6 higher at 353p, but Jaguar were again prone to sterling/dollar influences and lost 7 to 322p.

Leading Properties edged forward in thin trading. Land Securities picked up 4 at 508p and MEPC hardened to 480p. Elsewhere, Control Securities added 2 to 51p on further consideration of tba £88m property portfolio acquisition from Mountleigh and Randsworth Trust gained 7 to 153p in belated response to Press comment. Dares Estates settled a penny cheaper at 34p despite sharply increased annual profits, but Merivale Moore responded to the interim results with a gain of 20 at 360p.

Mersey Dock units came with a strong run, gaining 18 to 290p following a revival of speculative enthusiasm.

Palma surged higher still to end 8 up at 93p following a good press reception of Monday's preliminary statement. Readicut also progressed, gaining 4 to 72p.

Dealers reported a quiet day in the London Traded Options market. Total contracts came out at 21,572, comprising 14,216 calls and 7,356 puts. Business in the FTSE index options was thin with only 1,020 calls and 580 puts registered. Wellcome March 420 and 460 calls attracted some interest and there were also buyers of LASMO calls which totalled 1,430.

Traditional Options

- First dealings Feb 29
- Last dealings Mar 11
- Last declarations Jun 2
- For Settlement Jun 13

For rate indications see end of London Share Service

Money was given for the call of Epicure, Astra Trust, Phicom, Cauldon, APV, Ford Sellers Morris, Norfolk Capital, Inoco, Helene of London, Waterford Glass, Platon, Eagle Trust, Polly Peck, Wheway, A. Fisher and Charterhall. A put was arranged in TSB while double options were transacted in North Kalgurli and BP partly-paid.

FINANCIAL TIMES STOCK INDICES

	Mar. 8	Mar. 7	Mar. 4	Mar. 3	Mar. 2	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	90.53	90.59	90.24	90.41	†90.39	89.55	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.15	96.80	96.72	96.52	96.47	95.13	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1457.7	1462.8	1478.7	1463.6	1467.9	1586.4	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	242.2	242.5	239.7	241.8	241.4	322.2	497.5 (4/8/87)	234.0 (29/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.40	4.38	4.33	4.36	4.36	3.56				
Earnings Yld. % (full)	11.21	11.16	11.02	11.12	11.10	8.59				
P/E Ratio (net)(*)	10.90	10.95	11.08	10.99	11.01	14.27				
SEAQ Bargains (5pm)	29,438	31,964	37,045	33,257	28,764	46,183				
Equity Turnover (£m)	-	1111.11	1415.06	1464.59	1327.07	1365.00				
Equity Bargains	-	36,755	39,585	36,537	31,118	62,033				
Shares Traded (ml)	-	464.6	618.4	563.5	477.8	534.1				

S.E. ACTIVITY

Indices	Mar. 7	Mar. 4
Gilt Edged Bargains	138.4	122.1
Equity Bargains	238.1	256.5
Equity Value	2245.8	2856.2
5-Day average		
Gilt Edged Bargains	128.0	127.5
Equity Bargains	224.1	210.1
Equity Value	2564.6	2445.5

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1463.8	1457.4	1459.3	1460.6	1459.8	1459.7	1460.3	1455.4

Day's High 1464.0 Day's low 1453.1

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.79.
† Correction

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1987/88

[illegible]

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	1,600	Enterprise Oil	3,000	Prudential	668
Allied-Lyons	1,600	Fisons	5,300	Racal	1,300
Amstrad	407	General Accident	385	Rank Org.	1,100
Argyll Group	2,000	General Elect.	4,600	RMC	607
Assoc. Brit. Foods	653	Glaxo	1,600	RHM	74
BAA	1,300	Globe Investment	57	Reckitt & Colman	149
BAT	1,500	Granada	123	Redland	1,000
BET	259	Grand Met	1,300	Reed Intl.	774
BICC	70	GUS "A"	206	Reuters "B"	167
BOC	1,000	Guardian R.E.	170	RTZ	899
BPB Inds	3,700	GKN	2,300	Rolls-Royce	1,000
BTR	1,400	Guinness	835	Rothmans "B"	197
Barclays	433	Hammerson	205	Rowntree	623
Bass	427	Hanson	5,100	Ryl Bank Scotland	1,300
Beecham	4,500	Hawker Siddeley	333	Royal Insurance	1,600
Blue Arrow	7,800	Hillsdown Holdings	1,000	STC	913
Blue Circle	1,600	IMI	976	Saatchi & Saatchi	850
Boots	1,900	ICI	3,300	Sainsbury	658
Brit. Airways	2,900	Jaguar	2,500	Scott & Newcastle	4,900
Brit. Aerospace	17,900	Ladbroke	686	Sears	2,600
Brit. & Comm.	471	Land Securities	982	Sedgwick	793
British Gas	5,300	Laporte	193	Shell Transport	2,300
BP	9,400	Legal & General	848	Smith & Nephew	359
Brit. Telecom	2,600	Lloyds Bank	6,300	Standard Chart.	279
Bunzl	1,300	LASMO	1,200	Storehouse	552
Burmah Oil	119	Lonrho	2,000	Sun Alliance	117
Burton	1,200	Lucas	231	T & N	78
Cable & Wireless	1,700	MEPC	555	TSB	4,900
Cadbury Schweppes	2,000	Marks & Spencer	4,100	Tarmac	1,100
Coats Viyella	908	Maxwell Comm.	237	Tesco	2,800
Commercial Union	324	Metal Box	513	THORN EMI	780
Cons. Gold	408	Midland Bank	361	Trafalgar House	2,300
Cookson	147	NatWest Bank	741	Trusthouse Forte	1,700
Courtaulds	463	Next	270	Ultramar	846
Dalgety	121	Northern Foods	524	Unilever	2,200
Dee Corporation	3,400	Pearson	133	United Biscuits	4,500
Dixons Group	3,000	Pearl Group	40	Wellcome	2,700
English China Clays	369	P & O	588	Whitbread "A"	581
		Pilkington	1,400	Woolworth	338
		Plessey	911		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	23	79	12
Corporations, Dominion and Foreign Bonds	15	21	15
Industrials	375	483	700
Financial and Properties	104	254	284
Oils	17	31	61
Plantations	3	1	9
Mines	45	74	82
Others	38	128	100
Totals	620	1,071	1,263

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tuesday March 8 1988

Figures in parentheses show number of stocks per section

	Equity Groups & Sub-Sections	Index No.
1	CAPITAL GOODS (209)	772.94
2	Building Materials (30)	1032.95
3	Contracting, Construction (34)	1555.88
4	Electricals (11)	2097.44
5	Electronics (32)	1560.08
6	Mechanical Engineering (58)	483.27
8	Metals and Metal Forming (7)	459.86
9	Motors (13)	291.35
10	Other Industrial Materials (24)	1287.26
21	CONSUMER GROUP (185)	1073.29
22	Brewers and Distillers (21)	1056.54
25	Food Manufacturing (23)	848.53
26	Food Retailing (16)	2138.46
27	Health and Household Products (10)	1983.89
29	Leisure (31)	1247.82
31	Packaging & Paper (16)	514.52
32	Publishing & Printing (16)	3403.62
34	Stores (34)	644.83
35	Textiles (18)	399.24
40	OTHER GROUPS (93)	896.95
41	Agencies (19)	1165.14
42	Chemicals (20)	1046.82
43	Conglomerates (14)	1193.52
45	Shipping and Transport (12)	1988.95
47	Telephone Networks (2)	971.92
48	Miscellaneous (26)	1199.81
49	INDUSTRIAL GROUP (487)	958.68
51	Oil & Gas (13)	1735.74
59	500 SHARE INDEX (500)	1024.75
61	FINANCIAL GROUP (122)	674.14
62	Banks (8)	675.74
65	Insurance (Life) (9)	1001.25
66	Insurance (Composite) (7)	531.97
67	Insurance (Brokers) (7)	852.37
68	Merchant Banks (11)	399.88
69	Property (51)	1065.05
70	Other Financial (30)	396.20
71	Investment Trusts (82)	876.40
81	Mining Finance (2)	453.87
91	Overseas Traders (8)	1032.92
99	ALL-SHARE INDEX (714)	931.37
	FT-SE 100 SHARE INDEX ♦	1815.8

FIXED INTEREST

	Price Indices	Tue Mar 8	Day's change %	Mon Mar 7	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.27	-0.06	123.35	-	2.21
2	5-15 years	142.08	-0.12	142.25	-	2.21
3	Over 15 years	151.29	+0.14	151.08	-	3.06
4	Irredeemables	168.18	-0.26	168.63	-	1.54
5	All stocks	138.30	-0.07	138.47	-	2.32
	Index-Linked					
6	5 years	124.93	+0.06	124.85	-	0.51
7	Over 5 years	117.13	-0.14	117.30	-	0.67
8	All stocks	117.61	-0.12	117.76	-	0.66
9	Debentures & Loans	120.15	+0.32	119.77	-	1.63
10	Preference	88.07	+0.38	87.74	-	0.73

♦ Opening index 1821.4; 10 am 1813.8; 11 am 1816.6; Noon 1818.5; 1 pm 1817.8; 2 pm 1817.7; 3 pm 1818.2; 3.30 pm 1818.5; 4 pm 1811.4

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
215	F.P.	8/4	273	218	AMI Healthcare 20p	259	-4	u5.0	2.9	2.6	17.7
§130	F.P.	15/4	165	150	Archer (A.J.) Hldgs 1p	163	-2	R6.5	2.1	5.5	12.1
§95	F.P.	15/4	108	98	Aukett Associates 5p	103		L2.5	2.9	3.3	14.2
†	F.P.	-	159	150	Berry Starquest	151					

WORLD STOCK MARKETS

CANADA

TORONTO
Closing prices March 8

MONTREAL
Closing prices March 8

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 45

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner

Indices

NEW YORK DOW JONES

	Mar. 7	Mar. 4	Mar. 3	Mar. 2	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
♦Industrials	2056.37	2057.86	2063.49	2071.29	2722.42 (25/8/87)	1738.42 (19/10/87)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	91.00	91.22	91.25	90.94	95.51 (9/2/87)	81.26 (19/10/87)	–	–
Transport	850.68	849.79	849.94	838.37	1101.16 (14/8/87)	661.00 (4/12/87)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	179.94	182.37	182.73	182.49	227.83 (22/1/87)	160.90 (19/10/87)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2069.30 (2076.76) Low 2034.15 (2033.49)

STANDARD AND POOR'S	Mar. 7	Mar. 4	Mar. 3	Mar. 2	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
Composite†	267.38	267.30	267.88	267.98	336.77 (25/8/87)	223.92 (4/12/87)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	309.52	308.98	309.34	309.60	393.17 (25/8/87)	255.43 (4/12/87)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	23.75	23.86	24.04	23.95	32.43 (25/8/87)	20.39 (7/12/87)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	150.53	150.43	150.70	150.68	187.99 (25/8/87)	125.91 (4/12/87)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. value	294.14	293.74	292.51	290.92	365.01 (13/8/87)	231.90 (4/12/87)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	374.54	373.36	372.01	370.38	455.28 (26/8/87)	291.90 (28/10/87)	455.28 (26/8/87)	54.87 (31/10/72)

	Mar. 3	Feb. 26	Feb. 19	year ago (approx.)
Dow Industrial Div. Yield	3.38	3.41	3.42	2.95

	Mar. 2	Feb. 24	Feb. 17	year ago (approx.)
S & P Industrial div. yield	2.96	2.99	3.05	2.58
S & P P/E ratio	15.13	14.92	16.29	20.82

TRADING ACTIVITY †Volume

Millions	Mar. 7	Mar. 4	Mar. 3
New York	152.980	201.410	203.310
Amex	14.930	15.100	18.545
OTC	121.902	141.220	144.206

NEW YORK	Mar. 7	Mar. 4	Mar. 3
Issues Traded	1,971	1,962	1,934
Rises	845	670	779
Falls	710	812	701
Unchanged	416	480	454
New Highs	27	22	22
New Lows	4	4	7

CANADA

TORONTO	Mar. 7	Mar. 4	Mar. 3	Mar. 2	1987-88 High	1987-88 Low
Metals & Minerals	2682.1	2655.4	2632.8	2613.2	3507.5 (5/10/87)	1988.2 (2/1/87)
Composite	3271.2	3251.5	3231.2	3228.1	4112.9 (13/8/87)	2837.8 (28/10/87)
MONTREAL Portfolio	1630.08	1619.54	1611.79	1617.99	2224.77 (16/7/87)	1435.94 (26/10/87)

NEW YORK ACTIVE STOCKS (FIGURES FOR FRIDAY, MAR 4)

	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Varity Corp	8,092,900	3¼	+ ⅛	Litco	1,887,700	10	+ 1⅝
Capa Corp	7,856,200	49	+ ⅛	Amer Cyanamid	1,884,700	52¼	- 1
Texas Utilities	4,810,800	28½	...	General Electric	1,564,800	44⅛	- ⅛
Allegis	2,218,400	78½	+ 1½	Koppers	1,505,700	53⅝	+ 1⅝
Fed Dept Stores	2,035,600	67¼	+ ¾	AT&T	1,444,500	29	+ ⅛

Base values of all indices are 100 except NYSE All Common – 50, Standard and Poor's – 10, and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	Mar. 8	Mar. 7	Mar. 4	Mar. 3	1987-88 High	1987-88 Low
AUSTRALIA All Ordinaries (1/1/80)	1316.4	1324.4	1298.5	1293.4	2305.9 (21/9/87)	1151.0 (11/11/87)
All Mining (1/1/80)	627.7	634.9	610.7	606.5	1462.4 (14/10/87)	532.4 (10/2/88)
AUSTRIA Credit Aktien (30/12/84)	171.56	171.69	171.28	170.41	232.19 (22/9/87)	163.98 (11/2/88)
BELGIUM Brussels SE (1/1/80)	5021.7	4973.6	4893.9	4874.3	5412.2 (13/8/87)	3503.8 (18/12/87)
DENMARK Copenhagen SE (3/1/83)	193.19	194.81	194.28	193.97	219.76 (27/8/87)	179.60 (20/11/87)
FINLAND Unitas General (1975)	590.1	588.5	587.6	584.8	679.1 (15/10/87)	425.2 (5/1/87)
FRANCE CAC General (31/12/82)	296.1	298.0	298.0	299.6	460.4 (26/3/87)	251.3 (29/1/88)
Ind. Tendance (31/12/87)	106.1	106.8	107.8	107.7	112.5 (25/2/88)	89.7 (29/1/88)
GERMANY FAZ Aktien (31/12/58)	456.5	455.64	455.02	457.66	676.84 (6/1/87)	396.40 (29/1/88)
Commerzbank (1/12/53)	1394.8	1393.7	1388.7	1397.6	2061.1 (17/8/87)	1207.9 (29/1/88)
HONG KONG Hang Seng Bank (31/7/64)	2493.33	2470.40	2474.38	2468.48	3949.73 (1/10/87)	1894.94 (7/12/87)
ITALY Banca Com. Ital. (1972)	497.51	489.27	489.39	499.83	767.34 (30/4/87)	423.91 (9/2/88)
JAPAN ** Nikkei (16/5/49)	25463.73	25616.58	25615.62	25596.31	26646.43 (14/10/87)	18544.08 (13/1/87)
Tokyo SE New (4/1/68)	2094.00	2107.98	2109.48	2106.20	2258.56 (11/6/87)	1557.46 (13/1/87)
NETHERLANDS ANP-CBS General (1970)	239.5	238.1	238.0	241.0	334.1 (14/8/87)	192.2 (10/11/87)
ANP-CBS Industrial (1970)	193.5	193.1	192.5	196.8	280.8 (11/8/87)	147.5 (10/11/87)
NORWAY Oslo SE (4/1/83)	365.98	370.34	372.37	372.04	592.04 (21/9/87)	307.48 (10/11/87)
SINGAPORE Straits Times Ind. (30/12/66)	917.5	915.7	920.6	912.3	1505.4 (26/8/87)	700.4 (7/12/87)
SOUTH AFRICA JSE Gold (28/9/78)	(u)	1244.0	1231.6	1252.0	2499.6 (3/8/87)	1212.0 (29/2/88)
JSE Industrial (28/9/78)	(u)	1444.0	1440.0	1438.0	2266.0 (16/10/87)	1387.0 (15/2/88)
SPAIN Madrid SE (30/12/85)	266.71	266.73	263.37	263.48	325.44 (6/10/87)	201.08 (4/12/87)
SWEDEN Jacobson & P. (31/12/56)	2606.5	2625.6	2614.7	2606.8	3267.1 (8/10/87)	2068.6 (10/11/87)
SWITZERLAND Swiss Bank Ind. (31/12/58)	528.4	533.1	530.2	533.8	729.7 (5/10/87)	450.9 (10/11/87)
WORLD M.S. Capital Intl. (1/1/70)	(u)	446.4	444.1	443.9	495.9 (27/8/87)	361.3 (2/1/87)

** Saturday February 27: Japan Nikkei 25284.87, TSE 2077.84

Base values of all indices are 100 except Brussels SE – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia, All Ordinary and Metals – 500; (c) Closed. (u) Unavailable.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

BPB Inds.	307	+ 6
Beecham	455	+ 6
Brit. Aerospace	383	+ 6
Dubilier	152	+ 15
Evans Halshaw	273	+ 15
Greggs	390	+ 10
Merivale Moore	380	+ 20
Mersey Docks Units	290	+ 16
Morgan Crucible	264	+ 14
Morgan Grenfell	275	+ 7
Palma Group	93	+ 8
Perry Group	230	+ 17
Scot. & Newcastle	259	+ 9
Warburg (S.G.)	353	+ 9
Wellcome	489	+ 13

FALLS

Abbeycrest	173	– 17
Abbey Life	262	– 12
Bensons Crisps	90	– 6
Jaguar	322	– 7
Parrish	235	– 15
Utd. Biscuits	261	– 10

TOKYO – Most Active Stocks
Tuesday, March 8, 1988

	Stocks Traded	Closing Prices	Change on day
Nippon Kokan	104.36m	378	-2
Sumitomo Heavy Industries	54.67m	605	+20
Mitsubishi Heavy Industries	50.72m	658	+1
Kawasaki Steel	35.07m	378	-3
Nippon Steel	31.51m	436	-5
Ishikawajima-Harima Heavy Industries	21.01m	777	-3
Nisshin Steel	17.99m	760	-3
Nachi-Fujikoshi	11.86m	659	+29
Tokyo Gas	11.07m	1,180	unch
Konica	10.54m	1,170	+30

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR s	.36	1.6	20	558	22⅝	22¼	22½	
38⅛	21	AFG s	.10	.4	19	5306	38⅛	36¾	37	−½
27	10½	AGS s			18	595	18	17⅝	17½	−½
10½	5	AMCA				14	5⅝	6⅛	5⅝	
9⅛	3¼	AM Intl				1298	4¼	4	4	−¼
65½	26¾	AMR			13	3072	43½	42¾	42½	−¾
27¼	24⅛	ANR pf 2.67		10.		1	26	26	26	−¼
12¼	8⅝	ARX			8	310	8½	8⅛	8⅝	+¼
73½	40⅛	ASA	3	6.3		523	48¼	47	47½	−½
22⅝	9½	AVX			16	558	16⅛	17⅝	17⅝	−½
67	40	AbtLab	1	2.0	19	5386	51⅞	50¼	50¼	−1
26	19⅝	Abitibi g				99	19½	19⅝	19½	+¼
16¾	8½	AcmeC .40		3.6		63	11¼	11⅛	11¼	+½
10½	6⅞	AcmeE .32b		3.8	23	12	8⅝	8⅝	8⅝	−½
20	14⅛	AdaEx 3.05e		19.		42	16⅝	16	16⅝	
19½	6⅞	AdamM .24		1.9	10	36	12¾	12½	12½	
24⅞	7½	AMD				10905	13⅞	12⅞	13⅛	+½
56¾	29¼	AMD pf	3	7.9		51	38	37	38	+1
11⅞	4⅝	Adobe			12	117	7¼	7	7	−⅛
20½	16¼	Adob pf 1.84		10.		45	18	18	18	+½
21¾	17½	Adob pf 2.40		12.		26	20⅞	20½	20½	
15	6⅛	Advest .12a		1.6	6	105	7¾	7⅝	7⅝	−½
67⅞	43½	AetnLf 2.76		5.0	6	1286	46⅛	47⅝	47¾	
83½	41	AfilPub .40		.6	36	261	63½	61⅝	63½	+1½
[illegible]										

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
96	38 1/2	Pennzo	2.20	2.9	108	8034	76 1/8	74 1/2	74 3/4	
23 7/8	14 1/8	PeopEn	1.52	7.9	11	179	19 1/4	18 1/2	18 1/8	+5/8
18 7/8	6 1/8	PepBy s	.08	.6	22	478	13 3/4	13 1/8	13 3/4	+5/8
42 1/4	26 1/2	PepsiCo	.58	1.9	18	4460	36 1/2	34 7/8	36 1/4	+1/8
12 3/4	7 3/8	PerkF	1.20e	12.	13	80	10 1/4	10 1/8	10 1/4	+1/8
41 1/8	16 1/2	PerkEl	.80	2.1		7336	29 3/8	28 3/4	28	+1/2
8 1/8	0 1/8	Prmian	.60e	18.	12	101	5 7/8	5 3/4	3 7/8	
10 1/4	8 3/4	PrLP	pr1.13	14.		481	8 3/4	8 5/8	8 5/8	
15	2 1/4	PeryDr				389	7 1/8	6 7/8	7	+1/8
40	14 1/4	Petrie	.20	.9	10	466	22 1/4	21 3/4	22	+1/4
21 1/4	15 3/8	PetPer	2.08	10.	19	280	20 1/2	20 1/4	20 3/8	+1/4
33 1/2	20 1/2	PetRs	3.18e	13.		95	24 7/8	24 3/8	24 3/8	+1/8
16	15	PetRs	pf1.57	9.7		3	16 1/4	16 1/4	16 1/4	−1/8
2 1/8	3/4	Ptrlnv	.22e	16.		2	1 1/4	1 1/4	1 1/4	
76 1/2	40	Pfizer	2	3.6	18	4739	55 1/4	54 7/8	54 7/8	−3/8
58	23 1/2	PhelpD	.60	1.4	9	6256	42 1/4	41 3/8	41 5/8	+1 1/4
74	37	PhlpD	pf 5	8.1		1965	59	58 1/2	59	+1
23 3/4	16 3/4	PhilaEl	2.20	11.	9	4072	19 1/2	19 1/4	19 1/4	+1/4
49	36 1/2	PhE	pfC4.40	11.		z130	41	40 1/2	40 1/2	−1 1/2
54	39	PhE	pfD4.68	10.		z500	45	44 1/2	45	
97	59	PhE	pfG8.75	10.		z1450	84 7/8	83 3/8	84 7/8	+1 1/2
13 3/4	11	PhE	pfR1.41	12.		38	12 3/8	12 1/4	12 1/4	
128	115	PhE	pfQ14.63	13.		0	114	114	114	
13	6 7/8	PhE	pfP1.33	11.		12	11 1/8	11 1/8	11 1/8	
87 5/8	65 3/8	PhE	pfH7.85	11.		z520	18	74	74	−1
12 1/2	9 3/4	PhE	pfO1.28	11.		81	11 3/8	11 3/8	11 1/2	+1/2
117	106 1/2	PhE	pfM15.25	14.		z800	109	108 1/8	108 1/8	+1/8

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
44 1/4	20 1/4	Trinova	.56	1.7	10	479	33 1/2	33 1/8	33 1/2	+1/2
19 3/8	6 3/8	TritnG	s		18	958	15	13 1/2	14 7/8	+1 1/4
24 3/4	11 1/8	TritEng	.10b	.7	12	1330	15 3/8	15	15 3/8	+3/8
29 1/4	18 7/8	TritE	pf 2	8.9		18	22 1/2	22	22 3/8	+7/8
62	49 1/4	TucsEP	3.90	6.7	11	a1254	58 5/8	58	58 5/8	+3/8
15 1/8	7	Tultex	s .36	3.3	10	449	11 1/4	10 7/8	11	
28 1/4	17 1/4	TwinDs	.70	2.4	18	149	u29 1/8	28 1/8	29	+7/8
28 1/8	15 3/4	TycoL	s .24	.9	27	2078	26 7/8	25 1/2	26 3/8	+1 1/4
15 3/4	9 1/4	Tyler	.44	3.1	13	87	13 7/8	12 1/2	12 7/8	+3/8

U U U

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
27 1/8	11 3/4	UDC	2.20	12.	6	114	19 1/4	18 7/8	19 1/8	
113	100	UDC	pf			2	109 1/2	100	109 1/2	+1/2

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
65	50	Xerox	3	5.1	11	2148	59 1/4	58 1/4	58 7/8	+3/8
56 1/8	52 3/8	Xerox	pf5.45	10.		288	52 5/8	52 3/8	52 3/8	−1/2
33	19 1/8	XTRA	.64	1.9	17	427	u33 1/2	32 3/4	33	
28 1/2	18 1/2	XTRA	pf1.64	6.9		20	28	28	28	−1/4
33 7/8	17 1/2	Yorkin			19	127	28	27 5/8	28	+1/2
7 1/4	2 1/4	Zapata				182	3 1/4	3	3 1/4	+1/8
37	13 1/8	Zayre	.40	1.8	18	3946	23	21 1/2	22	+3/4
15 1/8	8 1/4	Zemex	.40	3.8	15	13	10 1/2	10 1/4	10 1/8	+1/8
39 5/8	10	ZenithE				1619	18 1/2	18 1/2	18 1/8	−3/4
13 1/2	2 1/2	ZenLab				218	3	2 7/8	2 7/8	
24	13 1/2	ZenNtl	.80	4.0	18	572	21 1/4	19	20 1/8	+1 1/8
20 5/8	11 3/8	Zero	.36	2.3	19	60	15 1/8	15 3/8	15 5/8	+1/4
30 3/4	15	Zurmin	s .40	3.1	15	181	22 1/8	21 7/8	22	+1/8
10 3/8	7 3/8	Zweig	1.08e	11.		778	10	9 3/4	9 3/4	−1/8

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

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AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market closing prices*

Continued on Page 43

FINANCIAL TIMES Wednesday March 9 1988

AMERICA

Pattern of trading gives market quiet confidence

Wall Street

US EQUITIES recorded healthy gains yesterday in what share analysts described as an atmosphere of cautious confidence, *writes Janet Bush in New York.*

The Dow Jones Industrial Average closed 34.7 points higher at 2,081.07. Volume was high witb more than 238m shares changing hands although that activity seemed to be concentrated in takeover stocks and shares shortly going ex-dividend.

Meanwhile, US bond prices continued to languisb in the wake of last Friday's figures showing a much larger than expected jump in employment last month. The negative effect on bonds of that news was compounded by yesterday's figures showing still-strong consumer credit in January, seen as evidence of continued strength in the economy, and by the weak dollar.

The major factor in the foreign exchange market continues to be sterling which has soared beyond what has long been regarded as the Government's unofficial ceiling for the currency of DM3. The pound continued to score hefty gains against the dollar yesterday and, by midsessioo, was quoted above $1.84, a gain of more than two cents from the sessioo lows.

Sterling's rise was given added momentum by comments from Mrs Margaret Thatcber, tbe Prime Minister, that her Government would not soon cut interest rates to stop the pound rising.

The dollar came under general downward pressure against other major currencies and was quoted in late Naw York business at DM1.6665, near its day's lows. It was quoted at a late Y127.95.

By the close, US Treasury bond prices had recovered from midsession losses of around a half point to close only marginally below Monday's finishing levels. The Treasury's benchmark long bond closed 1/16 point lower to yield 8.51 per cent.

In the equity market, there seems to be a quiet sense of confidence that stocks can build on their recent rally.

The pattern of modest declines after substantial single-day gains of the past fortnight is being viewed optimistically by many analysts wbo believe this kind of cautious movement will build a solid base for a more prolonged rally soon.

However, most of the momentum to the market's gains is still coming from highly specific takeover situations rather than generalised investment.

Firestone Tire & Rubber, Monday's most active issue, edged $3/4 lower to stand at $62 3/8. After the announcement of a counter bid on Monday by Pirelli, the Italian tyre manufacturer, the market is now waiting for a reaction by Bridgestone Corp of Japan. Bridgestone, which had previously agreed to buy a 75 per cent stake in Firestone, said yesterday it was considering possible counter measures.

Bundy Corp scored a substantial gain after news that TI Group of Britain had agreed to take over the company at $40 a share plus three $1-a-share dividends. Bundy rose $8 1/4 to $42 1/4.

Farmers Group slipped $3/4 to $61 1/8. Both Farmers and the US subsidiary of Britain's BAT Industries, which recently launched a hostile $63-a-share takeover bid, have filed several law suits related to the takeover.

Among other stocks involved in takeover situations, Federated Department Stores, which is the subject of rival bids from Campeau of Canada and R H Macy, and which yesterday filed a law suit against its competitor, edged $5/8 lower to $66.

Oil companies were mostly modestly higher. A meeting is expected to take place in London today of nine non-Organisation of Petroleum Exporting Countries who will discuss ways of stabilising the oil market.

Crude oil futures moved higher yesterday morning with crude for April delivery quoted at $15.42 a barrel, up 5 cents from Monday's closing level.

Metals stocks performed well, reflecting rising metals prices. Phelps Dodge rose $1 3/8 to $41 7/8, Alcan Aluminium was up $5/8 at $29 1/2 and Reynolds Metals jumped $2 to $45 3/8.

Polaroid, which has made sharp gains in recent days on speculation of a larger than expected settlement of the suit with Eastman Kodak, yesterday fell back $1 1/4 to $34 7/8.

Canada

STOCK PRICES climbed steadily from the opening bell and closed higher in moderate trading.

The composite index rose 32.48 to close at 3303.64, its best level since the October falls, advancing issues outpacing declining stocks by 539 to 286. Turnover climbed to 22.4 shares.

Mining stocks posted the best gains.

Norway faces cautious overseas investors

Oslo slips over oil price nervousness

BY KAREN FOSSLI IN OSLO AND HILARY DE BOERR IN LONDON

OSLO'S post-crash stock market has fallen to levels near the lows of 1986, leaving foreign investors nervous and cautious towards a market they embraced with enthusiasm last year.

The source of current concern stems largely from the continuing plunge in oil prices and its effect on the Scandinavian market, which saw soaraway growth up to Black Monday last October.

Norway is western Europe's biggest oil prodncer after Britain, with oil the main fuel for growth in the economy and the stock exchange. With oil prices down at about $14, compared with $18 at the start of the year and $19 on October 20, the market is jittery.

Oversaas investors accounted for abont 40 per cent of the transactions made on the Oslo Exchange last year. And while activity hy tham appears to have remained healthy in the first two months of this year, the "real level" of participation remained little changed, with investors going into and out of the market quite often, according to a bourse official.

Oslo's attraction for overseas investors stems in part from it being a relatively untouched and underdeveloped capital market offering a "different proposition."

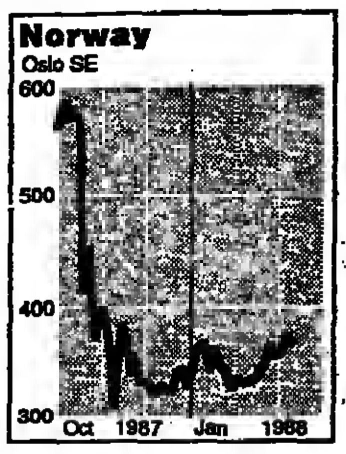
This helped last year to boost the Oslo SE index to a high of 592.04 on September 21. It now stands about 38 per cent lower at around 370, having reached a post-crash low of 307.48 on November 11.

Recent market moves have been dne to specific events, especially news that trade unions are expected to agree to a 5 per cent pay rise limit.

Industrial wages rose hy 11.4 per cent last year and the current curb is good news for corporations which already face high interest rates, production costs and inflation.

News of the current wage agreement belped push the Oslo SE Index up 9.8 per cent from February 15 to March 4 - in spite of falling oil prices in the same period.

Spurred by the wage deal, foreign investors are showing interest. But they are focusing on the high quality, more liquid blue chip stocks rather than the smaller, more volatile companies sought pre-crash.



Mr Johan Ewerlöf, Scandinavian analyst at Citicorp Scrimgeour Vickers, says Norway is returning to the buyer's list. "From about mid-February we have seen people at least considering investing in the Norwegian market and now they have moved from considering to actually taking small stakes," he says.

This week, however, sentiment has been hit by the weaker oil price and dollar, with the Oslo SE index falling slightly. Activity could be further restrained by legislative proposals to limit the amount paid in dividends. Analysts agree this means buying interest will focus on stocks with capital growth potential.

Norwegian share prices are seen generally to be undervalned, meaning the market – which has a capitalisation of NKr83bn ($13bn) – could return to favour. But it will have to compete with other secondary European markets

Mr Tim Youngman, Scandinavian analyst at SBCI Savory Milln, asks: "Why put money into Norway when you can buy companies that are better managed in Finland, for example, on similar ratings?"

Fear of devalnation, negative economic developments and low oil prices have undercut prices, says a bourse official. And while recent steps by the Norwegian Government to restore balance to the economy have impressed, few believe the measures are the right remedy to cure the ills.

EUROPE

Brussels rises to 1988 high as takeover fever persists

CORPORATE activity and takeover talk boosted share prices and turnover in Belgium, Italy and the Netherlands yesterday, but a weaker dollar and political uncertainty kept investors cautious in other major bourses, *writes Our Markets Staff in London.*

BRUSSELS rose to a high for the year as takeover fever and liquidity from the battle for Société Générale de Belgique continued to heat the market.

"They've blown apart Générale de Belgique and now everyone believes that any company in Belgium could be taken over," commented one London analyst. "It shows that the market is getting very speculative."

Most of the activity appeared to involve domestic institutions and individuals, with foreigners generally taking to the sidelines amid fears of an imminent correction once fundamentals reassert themselves. Tha Brussels cash market index broke through the 5,000 level for the first time since the October crash, rising 48.04 to 5,021.73 in heavy volume that forced a half-hour extension of trading. The forward market index also hit a high for the year.

GB-Inno, Belgium's leading supermarket chain, sawprofit-taking after Monday's surge, closing BFr30 lower at BFr1,600 as 312,000 shares changed hands. Takeover speculation went on buzzing around the stock, but buying in the sector switched to Delhaize, up a sharp BFr390 to BFr4,430.

Other strong gains included holding Cobepa, which has joined the De Benedetti side in the fight for La Générale, up BFr350 at BFr5,950, and market leader Petrofina, BFr450 higher at BFr11,450 on high turnover of 68,000 shares which apparently included some foreign buying.

MILAN also had a busy day, with share prices, particularly in the De Benedetti group, rising in a largely technical reaction to five days of falls. The Comit index rose 8.24 to 497.51.

The underlying trend of the market remains unclear, despite the occasional bonts of euphoria. "People are going from the ecstatic to the very, very nervous," said an analyst. "It's a day-by-day market at the moment."

Yesterday's interest in De Benedetti shares was triggered by news that Philips and Nestlé had thrown their weight behind the group in the battle for Belgium'a La Générale. The group's decision to incorporate its Sabaudia holding company into the larger Cir holding was also seen as good news as it is expected to strengthen Cir's balance sheet, the analyst said.

Cir finished L130 higher at L5,220 while Buitoni rose L239 to L8,499 and then pushed on to L8,900 in after hours trading. Olivetti climbed L250 to L9,180.

Pirelli added L50 to L2,720 in the wake of its counterbid for Firestone of the US.

AMSTERDAM was boosted by selective bnying by overseas investors, with activity focusing on internationally traded stocks.

The midsession ANP-CBS index rose in spite of the weaker dollar and closed up 1.4 at 238.1 in moderately active trade.

Takeover speculation surrounded leading insurance group Amev, which added Fl 3.90 to Fl 52.10 on relatively high turnover of 330,000 shares. Unconfirmed rumours said one possible suitor was offering up to Fl 65 a share.

Among banks, Amro added 30 cents to Fl 65.70, with the market unsurprised by news that it was moving its international capital market operations from London to Amsterdam.

Leading publisher VNU, which reported a 23 per cent rise in annual profits, put on 50 cents to Fl 7.50.

FRANKFURT had a quiet, lacklustre session as investors returned to worries about whether the dollar had reached its long-term bottom or still had further to fall. The US currency lost more than a pfennig yesterday to a fixing of DM1.6724. Analysts said the rise in sterling was an added factor but had not become significant enough to cause worries for German exporters to the UK.

The FAZ index eased 0.86 to 456.50 in thin turnover, with limited foreign selling.

Machinery maker KHD fell a heavy DM8 to DM96 on profit-taking after its sharp rise on Monday triggered by a forecast of improved results. Also in the sector, Linde shed DM6 to DM567.

In cars, VW fell DM9.40 to DM237.30 amid speculation that the Governmeot would float its 16 per cent stake this month. The Finance Ministry, VW and Dresdner Bank, the lead underwriter, all declined comment.

Bonds eased between 30 and 50 pfg following a weaker close on Monday in US credit markets. The 1998 federal bond yield rose to around 6.25 per cent.

PARIS moved lower in very thin volume as talk continued to focus on when President Mitterrand will make clear his electoral intentions. Worries about the lower dollar undermined sentiment and there was little corporate activity to enliven proceedings.

STOCKHOLM finished lower in dull trading, with the Affaersvaerlden index losing 5.9 to 784.2.

The main event of the day was the suspension of Swedish Match. The consumer goods and home improvement group, which rose SKr6 to SKr115 before trading was stopped, declined to comment on its reason for requesting suspension. The company presents its annual report today. Pharmacia, which reported annual profits up 10 per cent, ended down SKr1 at SKr159.

Bourse trading was interrupted briefly when women protestors seeking shorter working hours threw play money onto the trading floor and shouted slogans.

ZURICH saw moderate trading and closed lower on the easier dollar and Wall Street's failure to provide a clear trend.

The Crédit Suisse index slipped 5.5 to 461.1, with blue chips lower across the board. Union Bank bearers fell SFr20 to SFr3,300 and Crédit Suisse bearers were off SFr25 at SFr2,560. Nestlé lost SFr125 to SFr8,675.

London

CONFIDENCE about the upcoming Budget helped stem London's losses yesterday, with the FT-SE 100 index ending down 3.2 at 1,821.5.

Prices were initially hit by the statement from Prime Minister Margaret Thatcher that there would be no early change in interest rates to deal with the sudden rise in sterling. Bnt later reassessment reduced the losses.

ICI again gave ground on fears of the effect of sterling'a strength on its exports and Glaxo, with dollar earnings to repatriate, eased lower.

ASIA

Yen's rise depresses Nikkei

Tokyo

LARGE-CAPITAL stocks and blue chips came under selling pressure in Tokyo yesterday, helping to send share prices lower for the second consecutive trading day, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average dropped 150.85 to close at 25,465.73 after moving between a day's high of 25,597.17 and a low of 25,465.35. On Monday the Nikkei had eased 10.99. Volume yesterday totalled 828m shares compared with Monday's 826m and declines outpaced advances by 578 to 319, with 166 issues unchanged.

The yen's rise against the dollar proved a major depressant, while concern about the market's recent rapid ascent also gathered momentum and many players concluded a correction was necessary.

Steel, shipbuilding and other large-capital stocks, which had led the recent bullish trend, came under selling pressure, and the strong yen belped depress high-technology stocks.

Buying interest centred on small- and medium-capital issues backed by specific incentives.

Among the large-capital stocks, Nippon Kokan topped the active list with 104.36m sbares but ended Y2 lower at Y378. Kawasaki Steel lost Y3 to Y378, Nippon Steel Y5 to Y436 and Ishikawajima-Harima Heavy Industries Y3 to Y777.

High-technology blue chips fared poorly, with NEC shedding Y50 to Y2,090, Matsushita Electric Industrial Y20 to Y2,500, Fuji Photo Film Y50 to Y4,250 and Sony Y20 to Y5,250.

Canon lost Y50 to Y1,120 on news that the European Commission had proposed anti-dumping duties on electronic typewriters being assembled in the European Community with parts imported by Canon's French unit.

Chemicals, financials and constructions eased. Mitsui Toatsu dipped Y17 to Y762, Nomura Securities Y30 to Y3,880 and Ohbayashi Y15 to Y955.

Among the gains, Sumitomo Heavy Industries, the second most active stock with 54.7m shares, surged Y20 to Y605, spurred by increasing demand for industrial machines.

Bond prices slipped in the absence of new factors. After coming under small-lot selling pressure, the yield of the benchmark 5.0 per cent government bond maturing in December 1997 rose from 4.435 per cent at Monday's close to4.445 per cent.

The 5.1 per cent bond falling due in Juna 1996, whicb was traded briskly the previous day, lost popularity.

On the Osaka Securities Exchange, the yen's strength dampened export-oriented stocks and drove share prices lower.

The 250-issue OSE stock average closed 101.88 points down at 25,857.22 on an estimated volume up 11m to 132m shares.

Hong Kong

LOCAL AND foreign institutions stepped up their buying as profit-taking dried up, causing Hong Kong share prices to rise.

The Hang Seng index closed up 22.93 at 2,493.33. Turnover was HK$939m, down from Monday's HK$946m.

After the close, Hongkong Electric, unchanged at HK$7.85, announced net profit of HK$1.26bn for 1987.

Cavendish International Holdings, which also released 1987 results after the close, stood steady at HK$3.05.

Australia

A PAUSE for breath and new direction left Australian stocks slightly lower in thin volume after Monday's sharp gains.

The All Ordinaries index finished 7.9 down at 1,316.4 and losses were common to all sectors in turnover of 111m shares.

Among generally weaker industrials, Boral, the building products group, lost 11 cents to A$3.94 after reporting a limited 13.4 per cent gain in first half profits.

Singapore

INVESTORS stayed on the sidelines as Singapore prices closed mixed after uneventful trading. The Straits Timea Industrial index gained 1.85 to 917.59. Turnover was 18.7m, up from 18m.

Trading in the Development Bank of Singapore was suspended. The bank announced a rise in post-tax profits for 1987 of 21.8 per cent to S$121.8m.

SOUTH AFRICA

GOLD STOCKS closed higher as the bullion price remained steady. A rise by the financial rand, through which foreigners buy South African stocks, suggested the investment in golds was by overseas investors.

The gold index increased 22 to 1,266. Vaal Reefs and Randfontein rose R4 each to R250 and R220 respectively and Kloof gained R1.50 to R32.25.

Mining financials and other quality minings followed the example set by gold issues. Anglo American was up 65 cents to R46.75, platinum stock Impala gained 50 cents to R26 and diamond share De Beers, which is dne to release its annual results on Friday, rose 65 cents to R27.75.

The industrial sector remained fairly static.

India tackles low volume

THE INDIAN Finance Ministry says it will ease curbs on forward trading in shares from Friday to boost declining turnover and head off a strike threat by stockbrokers, according to tha Bombay Stock Exchange, *Reuter reports.*

Turnover on India's 15 stock markets has fallen to abont Rs250m ($19m) a day from Rs1bn a day last June. Forward trading was banned in June to prevent a possible market crash after the ruling Congress (I) Party was routed in elections in Haryana state. The ban was partially lifted in October but brokers boycotted trading on February 19 to press for further relaxation and threatened another boycott from March 11.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL ANa REGIONAL MARKETS	TUESDAY MARCH 8 1988					MONDAY MARCH 7 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (91)	106 82	-0.5	85.95	97.37	4.33	107.35	87.52	97.85	180.81	85.36	112.71
Austria (16)	90.41	+1.2	72.75	78.11	2.68	89.36	72.85	77.78	102.87	84.35	94.23
Belgium (48)	138.40	+0.7	111.36	119.46	4.00	137.45	112.06	118.97	138.40	94.63	113.27
Canada (126)	120.30	+1.1	96.80	109.19	3.01	118.94	96.97	108.17	141.78	98.15	123.62
Denmark (38)	121.29	+0.0	97.60	105.04	2.80	121.34	98.92	105.66	124.83	98.18	110.07
Finland (23)	118.51	+0.0	95.36	100.27	1.98	118.48	96.60	100.61	–	–	–
France (122)	85.60	-0.3	68.88	75.86	4.09	85.88	70.02	76.45	121.82	72.77	112.73
West Germany (94)	78.79	+0.7	63.40	68.32	2.71	78.24	63.79	68.20	104.93	67.78	88.95
Hong Kong (46)	96.99	+1.0	78.04	97.12	4.37	96.02	78.28	96.14	158.68	73.92	107.63
Ireland (14)	118.72	+0.7	95.53	104.26	4.21	117.87	96.10	104.23	160.22	93.50	124.78
Italy (94)	75.67	+2.3	60.89	69.60	2.77	73.96	60.30	68.30	112.11	62.99	95.72
Japan (457)	162.48	-0.7	130.74	131.51	0.53	163.67	133.43	132.53	163.67	100.00	120.56
Malaysia (36)	115.04	+0.2	92.57	113.53	3.35	114.84	93.63	113.87	193.64	93.76	134.84
Mexico (14)	170.75	-3.0	137.39	424.71	0.84	176.05	143.53	437.91	422.59	90.07	126.98
Netherland (37)	105.86	+2.2	85.18	90.50	5.03	103.55	84.42	89.00	131.41	87.70	105.67
New Zealand (23)	72.90	+1.0	58.66	57.73	5.64	72.17	58.84	57.46	138.99	64.42	93.85
Norway (24)	111.05	-1.2	89.35	95.11	3.21	112.42	91.65	96.32	185.01	95.51	118.08
Singapore (26)	108.20	+0.3	87.07	100.40	2.39	107.89	87.96	100.09	174.28	81.21	118.68
South Africa (61)	132.00	+5.0	106.21	78.52	5.34	125.74	102.51	77.43	198.09	100.00	125.42
Spain (43)	146.50	+0.3	117.89	124.08	3.38	146.04	119.06	124.35	168.81	100.00	112.89
Sweden (32)	114.89	-0.2	92.45	100.60	2.70	115.08	93.82	101.45	136.64	88.50	109.21
Switzerland (53)	85.22	-0.6	68.57	72.75	2.33	85.77	69.92	73.59	111.11	73.65	96.05
United Kingdom (327)	138.39	+1.1	111.36	111.36	4.27	136.89	111.61	111.61	162.87	99.65	126.86
USA (585)	109.89	+0.7	88.42	109.89	3.43	109.12	88.96	109.12	137.42	91.21	120.02
Europe (965)	108.92	+0.9	87.64	91.64	3.78	107.97	88.02	91.64	130.02	92.25	110.10
Pacific Basin (679)	157.71	-0.7	126.90	128.76	0.72	158.80	129.46	129.70	158.80	100.00	119.75
Euro-Pacific (1644)	138.21	-0.2	111.21	113.98	1.69	138.48	112.90	114.55	143.65	100.00	115.91
North America (711)	110.44	+0.7	88.87	109.87	3.41	109.64	89.39	109.08	137.55	91.68	120.21
Europe Ex. UK (638)	90.65	+0.7	72.94	79.23	3.33	90.03	73.40	79.07	111.97	78.89	99.73
Pacific Ex. Japan (222)	100.24	+0.2	80.66	93.41	4.30	100.09	81.60	93.30	164.03	82.92	109.85
World Ex. US (1845)	137.56	-0.1	110.69	113.57	1.76	137.71	112.27	114.07	143.38	100.00	116.30
World Ex. UK (2103)	125.73	+0.1	101.17	112.35	2.11	125.66	102.44	112.40	138.82	100.00	116.88
World Ex. So. Af. (2369)	126.81	+0.1	102.04	112.50	2.30	126.65	103.25	112.58	139.47	100.00	117.71
World Ex. Japan (1973)	109.77	+0.8	88.33	102.50	3.59	108.90	88.78	102.04	134.22	92.98	116.43
The World Index (2430)	126.85	+0.2	102.07	112.25	2.32	126.64	103.25	112.32	139.73	100.00	117.76

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115 037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local)

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CHRYSLER FINANCIAL CORPORATION

U.S. $250,000,000

Euro-Medium-Term Notes, Series 1

With Maturities from 9 Months to 10 Years from Date of Issue

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